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103		Also reported 36 Sup. Ct. 288.
149		Also reported 36 Sup. Ct. 337.
217	1	Read 98 N. E. 95.
236	15	Read 225 O. G. 737.
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433	14	Read (Reporter, vol. 4, p. 168).
437	36	Read Barclay v. Barclay, <i>et al.</i>
444	9	Insert after D. C. 532, [1 T. M. Rep. 40].
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INDEX

	Page
"Ac/Mi/Co"	144
"Acco"	596
Act of Congress	603
"Add-a-pearl"	393
"Addit"	221
"Amalgamated Press"	93
"American Girl"	169
"American Lady"	169
"American Model Builder"	487
"American Queen"	594
"Ancient Arabic Order"	199
"Ancient Egyptian Arabic Order"	199
"Aunt Jemima's"	469
"Bancroft"	436
"Barrie"	434, 437
"Barry"	434, 437
"Basket Store"	195
"Bear"	430, 442
"Big Tree"	439
"Big 3"	145, 484
"Big 5"	484
"Blismarck"	139, 203
"Blalrstown"	271
"Blue Boy"	448
Blue fibrous core of rope	241
"Bo-Ka"	246
"Bob-o-link"	414
"Bon Bon"	588
"Boston Shoe Shop"	381
"Broadway Little Hungary"	98
"Butter Cream"	440
"Butter-Krust"	287
"Canned Heat"	394
"Case"	113

INDEX

	Page
"Castle"	939
"Cedar"	496
"Cedarine"	496
"Celebrated Old Crow Bourbon"	10
"Cent-a-Lax"	399
"Chain"	238
"Champion X"	406
"Channelath"	588
"Chocolac"	984
"Cho-Sen"	432
"Cleaneasy"	144
"Coca-Cola"	307, 349
"Come-Back, The"	423
"Coswos"	985
Cross	242
"Crow"	10
"Cyanamid"	596
"Deister"	328
Dog and stocking	985
"Dope"	349
"Dreadnaught"	951
"Dridip"	300
"Dry-Dip"	300
"Economic"	244
"Ehret's Slag Roofing"	599
"Eternelle"	924
"Everlasting"	42, 243
"Everlasting Ware"	42
"Farmers' Dry-Dip"	300
"Farnum"	433
"Faultless"	526
"Faultless Brand"	391
"Federal Reserve"	145
"Fisk"	987
"Fitzall"	393
"Fleming" and picture of barn	984
"Flexene"	444
"Flint-tone"	441
"Ford"	141
"Freeman's Superlative"	395

SIX TRADE-MARK REPORTER

	Page
"Gem"	518, 559
"German American"	87
"Globe" and representation	601
"Golden"	445, 597
"Golden Rod"	940
"Government"	437
"Great Bear"	430, 442
Green helical strand in rope	592
"He-lol"	600
"Helthy-Fut", picture and medallion	394
"Henfeed"	146
Hog, representation of	440
"Howard"	310, 462, 535
"Imperator"	591
"Imperial"	148
"Indestructable"	244
"Infallible"	243
"Inknife"	600
"Irontex"	103, 955
"Jenkins"	53
"Kady Koatless"	595
"Kaufman"	966
"Kemall"	112
"Kiddies"	587
"Knabe"	180, 998
"Koke"	349
"Kris Kringle"	444
Label	241
"Lexington Club"	457
"Limestone Brand Phosphate"	943
"Linoleum"	570
"Little Hungary"	98
"Little Work"	392
"Loft"	434
"M. Co." in monogram	553
"M. P. Co." in monogram	553
Maltese Cross	949
"Marvel-mist"	973

INDEX

	Page
"Material Men's"	46
"McBroom Shoe Shop"	381
"McCaskey"	146
"Meccano"	487
"Mercedes"	329
"Mercury"	449
"Milkman" and picture	245, 483
"Milkmaid" and picture	245, 483
"Mobile Transfer"	260
"Moline"	553
"Mosler Superior"	406
"Mother Goose" and picture	246
"Mutt and Jeff"	425
"Mystic Shrine"	199
"National"	145, 441
"Neolin"	245
"Neverleak"	61, 67, 345
"Nevermiss"	108
"Never-Stretch"	586
"Nevrsink"	391, 585
"Nobuckl"	144
"No-Co-Ro"	280
"Nodust"	221
"Nokoro"	280
"Nonpareil"	390
"Norub"	221
"Notamiss"	108, 255
"Notaseme"	103, 144, 146
"NursWel"	589
"O-Cedar"	496
"Old Crow"	10
"Old File"	585
"Old Judge"	138
"Old Lexington Club"	454, 457
"Old Smoke House"	191
"Orange" and representation	390
"Our Dainty Maid"	284
"Ozo"	440
"Ozone"	432
"Pall Mall"	112
"Para Oke"	592

SIX TRADE-MARK REPORTER

	Page
"Paramount"	435
"Paristyle"	431
"Pasadena"	433
Patented article, representation of	386
"Pathfinder"	148, 379
"Peau de Sole"	390
"Peerless"	344, 526
"Perfection"	586
"Peninsular"	370
"Pennsylvania"	351
"Penslar"	370
"Plastic Fire Brick"	587
"Pons"	590
"President"	340, 303
"Prest-O-Lite"	451
"Protexwel"	589
"Queen"	593
"Rain Water Crystals"	383
"Rat Rid"	393
"R-Best"	394
Red band	597
"Red Rooster"	441
Red stripe on tread of tire	146
"Repetti"	94, 343
"Rex"	98, 142
"Rexall"	98
"Rexo"	446
"Roach Butter" and picture	393
"Roof Leak"	345
"Rubberset"	357
"Schinasi"	374
"Scientific American"	337
"Shaw"	438
"Shawmut"	445
Shield	321
"Shirley"	303
"Silverbar"	383
"Simplex"	337, 574
"Sioux City"	363
"Standard"	53, 98

INDEX

	Page
Star, representation of	443
"Sta-Tite"	146
"Stein-way"	988
"Stenotype"	586
"Stork"	101, 539
"Strat"	147
"Stylefit"	431
"Supreme"	378
"Talbot"	434
"Tango"	446
"Tatum"	439, 445
"Tea Rose"	149
"Tex"	242
"Thermogene"	247
"Thermosine"	247
"Tiger" and picture of head of tiger	145
Tiger, representation of	341
"Toasted Corn Flakes"	537
"Tungs-tone"	392
"Twin Six"	588
"Tylike"	585
"US"	436
"Unika"	985
"Use-Em-Up"	561
"Velvelite"	443
"Velvet"	319
"Vera von Wissen"	390
"Veribest"	145
"Walk-over"	109
"Walkalover"	109
"Waltham"	481
"Waterman"	60
"Waycleanse"	392
"Wear-Ever"	42
"Wearever"	42
"Wear-right"	392
"Wertheim"	481
"Western"	602
"Wet Weather"	391
"Wheat, Its the"	432

SIX TRADE-MARK REPORTER

"Wonder-mist"	973
"Worthmore"	144
"Youthful Club"	450
"108"	3
"208"	3

DIGEST

I. TRADE-MARKS GENERALLY.

1. NATURE OF TRADE-MARK RIGHTS.

- § 1. *Character of Right.*
- § 2. *Extent of Right.*
- § 3. *Ownership.*
- § 4. *License to Use.*
- § 5. *On What Goods.*
- § 6. *Plural Marks.*
- § 7. *Use of Mark.*

2. WHAT MAY BE A TRADE-MARK.

- § 1. *Color.*
- § 2. *Names of Patented Articles.*
- § 3. *Descriptive and Generic Terms.*
- § 4. *Words Publici Juris.*
- § 5. *Geographical Terms.*
- § 6. *Proper Names.*
- § 7. *Representation of Goods.*
- § 8. *Structural Features of Goods.*
- § 9. *Marks of Trades or Trade-Unions.*
- § 10. *Emblems of Fraternal Societies.*
- § 11. *Numerals.*
- § 12. *Titles of Periodicals, Literary and Dramatic Works.*
- § 13. *Public Insignia.*
- § 14. *Deceptive Marks.*
- § 15. *Other Features.*

3. TITLE TO A TRADE-MARK.

- § 1. *Creation.*
- § 2. *Assignment and Devolution.*
- § 3. *Abandonment.*
- § 4. *Proof.*
- § 5. *Loss.*

4. INFRINGEMENT.

- § 1. *Elements.*

SIX TRADE-MARK REPORTER

- § 2. *Conflicting Marks.*
- § 3. *Goods of the Same Descriptive Properties.*
- § 4. *Ten Year Marks.*
- § 5. *Unauthorized Use.*

5. SUITS FOR INFRINGEMENT.

- § 1. *Jurisdiction.*
- § 2. *Parties.*
- § 3. *Pleading and Practice.*
- § 4. *Evidence.*
- § 5. *Defenses.*
- § 6. *Relief.*
 - a. *Injunction.*
 - b. *Damages.*
 - c. *Accounting.*
- § 7. *Decree.*
- § 8. *Review.*

II. REGISTRATION OF TRADE-MARKS.

1. CONSTITUTIONALITY OF STATUTE.

2. EFFECT OF REGISTRATION.

- § 1. *Defenses.*
- § 2. *Effect of Registration.*
- § 3. *Registration by Bill in Equity.*
- § 4. *Registration by Application.*

3. THE APPLICATION.

- § 1. *The Applicant.*
- § 2. *Specimens.*
- § 3. *Drawing.*
- § 4. *Declaration.*
- § 5. *Statement.*
- § 6. *Amendment.*
- § 7. *Disclaimer.*
- § 8. *Consent.*
- § 9. *Function of Examiner.*

4. REGISTRABLE MARKS.

- § 1. *Res Adjudicata.*
- § 2. *Descriptive and Generic Terms.*
- § 3. *Words Publici Juris.*

DIGEST

- § 4. *Geographical Terms.*
- § 5. *Conflicting Marks.*
- § 6. *Goods of Same Descriptive Properties.*
- § 7. *Proper Names.*
- § 8. *Marks Deceptively Used.*
- § 9. *Ten-Year Marks.*
 - a. *Interpretation of Ten-Year Clause.*
 - b. *Constitutionality of Ten-Year Clause.*
 - c. *Names of Patented Articles.*
 - d. *Descriptive Terms.*
 - e. *Geographical Terms.*
 - f. *Proper Names.*
- § 10. *Evidence.*
- § 11. *Stare Decisis.*
- § 12. *Foreign Marks.*
- § 13. *Corporate Names.*
- § 14. *Representation of Goods.*
- § 15. *Ornamental Features.*
- § 16. *Community or Collective Marks.*
- § 17. *On What Goods.*
- § 18. *Equivalents.*
- § 19. *Portraits.*

5. INTERFERENCES.

- § 1. *Declaration.*
- § 2. *Evidence.*
- § 3. *Abandonment of Application.*
- § 4. *Abandonment of Rejected Mark.*
- § 5. *Dissolution.*
- § 6. *Review of Decision.*
- § 7. *Res Adjudicata.*

6. OPPOSITIONS.

- § 1. *The Opponent.*
- § 2. *Notice.*
- § 3. *Answer.*
- § 4. *Withdrawal.*
- § 5. *Dismissal.*
- § 6. *Evidence.*
- § 7. *Appeal.*
- § 8. *Amendment of Application.*
- § 9. *Amendment of Notice.*

SIX TRADE-MARK REPORTER

§ 10. *Res Adjudicata.*

§ 11. *Consolidation.*

7. VALIDITY OF REGISTRATION.

8. PROCEEDINGS FOR REVIEW.

§ 1. *By Appeal.*

§ 2. *By Petition.*

9. CANCELLATION.

§ 1. *Petition.*

§ 2. *Pleading and Practice.*

§ 3. *Evidence.*

§ 4. *Ten-Year Clause.*

10. RENEWALS.

11. STATE AND LOCAL STATUTES.

§ 1. *New York.*

§ 2. *Massachusetts.*

§ 3. *Kentucky.*

§ 4. *Georgia.*

12. LABELS.

III. UNFAIR COMPETITION.

1. NATURE AND BASIS OF WRONG.

§ 1. *Distinguished from Infringement of Trade-Marks.*

§ 2. *Competition Necessary.*

§ 3. *Right by Priority.*

§ 4. *Intent.*

§ 5. *Deception.*

§ 6. *Damage.*

2. UNFAIRNESS IN COMPETITION.

§ 1. *Imitating Appearance of Article.*

§ 2. *Imitating Structural Elements.*

§ 3. *Imitating Packages and Containers of Goods.*

§ 4. *Substitution.*

§ 5. *Imitating Color.*

§ 6. *Trade and Corporate Names.*

a. *Personal.*

DIGEST

- b. Corporate.
- c. Secondary.
- § 7. *Descriptive Terms.*
- § 8. *Geographical Terms.*
- § 9. *Name of Patented Article.*
- § 10. *Advertising.*
- § 11. *Other Instances.*

3. SUITS FOR UNFAIR COMPETITION.

- § 1. *Jurisdiction.*
- § 2. *Parties and Liability.*
- § 3. *Pleading and Practice.*
- § 4. *Evidence.*
- § 5. *Defenses.*
- § 6. *Relief.*
 - a. Injunction.
 - b. Accounting of Profits.
 - c. Damages.
 - d. Costs.
- § 7. *Laches.*
- § 8. *Dismissal.*

1. TRADE-MARKS GENERALLY.

1. NATURE OF TRADE-MARK RIGHTS.

§ 1. *Character of Right.*

The right to a trade-mark grows out of use and not mere adoption. A trade-mark is merely a protection for good-will and is not the subject of a property right, except in connection with an existing business. 149

The protection given by law to trade-mark has a two-fold object; to protect the owner in his property and to protect the public from being deceived by reason of a misleading claim. 906

§ 2. *Extent of Right.*

The right which a person obtains by registration of a trade-mark under the federal statute is coterminous with the territory of the United States, and entitles him to enjoin the use of the same mark in interstate commerce by another, even in a territory distant from that covered by the registrant. 908

SIX TRADE-MARK REPORTER

The owner of a trade-mark enjoys a monopoly under the trade-mark law, which neither the Sherman Act nor any other act of Congress forbids. 907

A domestic dealer who has an exclusive sales contract with a foreign manufacturer, is entitled to register in the United States patent office, in his own name the trade-mark placed on the goods by the manufacturer; but he cannot prevent the importation into this country of genuine goods bearing the manufacturer's mark. 924

A defensive right in a trade-mark, sufficient to protect the user against injunctive relief by another, does not prevent the registration of the mark by the latter party. 11

The owner of a trade-mark who for more than fifteen years does nothing in any of the customary methods either by advertising or registering his mark to give either the trade or the general public knowledge of the claimed mark, is bound to know that others are likely to adopt or use the same mark in ignorance of his adoption thereof. Under such circumstances, the later appropriator of a mark may claim the protection of an estoppel, the effect of which, however, will be confined to the territory occupied at the time of his receiving notice of the rights of the first user. 98

Where a manufacturer adopts a mark and for many years makes no effort to extend the sale of the goods to which it is applied beyond a certain territory, and another manufacturer in ignorance of the rights of the first user adopts the same mark and applies it to goods of the like descriptive properties, which are sold in a territory well removed from the territory of the original appropriator of the mark, so that no confusion ever results, the original appropriator is not entitled to an injunction restraining the later claimant from his use of the mark within the territory where it has been so long used. 98

The name "Neverleak" applied during the life of the patent to a "Tire Fluid," the composition of which is secret but the use of which in a pneumatic tire is protected by a basic patent, does not become public property upon the expiration of the patent, because the "Tire Fluid" was never patented. Anyone was free to manufacture a "Tire Fluid" during the life of the patent and even to manufacture the one to which the name was applied, if they could discover the formula. The name, therefore, merely indicates the specific "Tire Fluid" manufactured by the maker using that name and is the subject of a valid trade-mark. 61

DIGEST

There is nothing in the act of 1905 which purports to cut off or impair any substantive defense which would have been open to the later user of a mark, if there had been no registration, except in so far as it may perhaps affect the character of the registrant's title to a descriptive word of secondary meaning. 11

§ 3. *Ownership.*

Where the later appropriator of a mark used it for many years without challenge from the original appropriator, it may well be that, even if the original appropriator did not know of this use, nevertheless, it is legally chargeable with such knowledge and acquiescence for many years, and that the use by the later appropriator may mature into a possession of which a court of equity will not deprive him by injunction. 11

§ 7. *Use of Mark.*

The purchase of wines in bulk in California by a London house and the application of their trade-mark to the casks containing the wine, before shipment from this country consigned to themselves in London, is not use in commerce with this country. Twenty years' use in this way gives no right to register, against a later user within the United States. 439

2. WHAT MAY BE A TRADE-MARK.

§ 1. *Color.*

Registration refused of a blue fibrous core as a trade-mark for wire rope. 241

A trade-mark for doors, consisting of a strip of light color inserted into the edge of the door, is valid. 388

A red band is a proper trade-mark. 597

§ 2. *Names of Patented Articles.*

See, also III, 2 § 9.

The doctrine that the name under which an article has been sold becomes public property upon the expiration of the patent does not apply to an arbitrary name which is not really descriptive of the article which may be described by other words. The trade-mark "President" for a patented suspender held to continue as the property of the manufacturer after the expiration of the patent. 303

The fact that the plaintiff patented a furniture polish prior to his adoption of the trade-mark in suit is immaterial, for the polish sold under the trade-mark is not the patented polish, but a different one. 496

SIX TRADE-MARK REPORTER

Upon the expiration of a patent, the generic term by which the article was known during the life of the patent becomes public property, and no one is entitled to its exclusive use. 561

Upon the expiration in 1900 of the first of the patents designating the patentee's article as "Featherbone," the public acquired a right to sell "Featherbone" under that name, and the name could not thereafter be monopolized by the patentee as a trade-mark. 239

§ 3. *Descriptive and Generic Terms.*

See, also, II, 4, § 2.

The words "The American Girl" as applied to shoes are neither geographical nor descriptive and are properly the subject of exclusive appropriation as a trade-mark. 169

The word "mist" is descriptive of the goods on which it is used, and its use may therefore not be enjoined. 973

The word "supreme" is a generic and descriptive term, and not the subject of exclusive appropriation as a trade-mark. 978

The word "chain" is descriptive of rubber vehicle tires which have a representation of a chain moulded on the tread to prevent skidding or slipping. 238

The word "Thermogen" is an English word derived from the Greek meaning "to bring forth heat," and is therefore descriptive of a medicated cotton wadding so prepared as to act as a counter-irritant by the production of local heat, on application to the body. The adoption of the French spelling made by the addition of a final "e" does not change the character of the word which is not the subject of exclusive appropriation as a trade-mark. 247

The words "Toasted Corn Flakes" as applied to white corn which has been flaked and browned by heat, are descriptive and not the subject of a valid trade-mark. 537

The term "Dridip" is a mere misspelling of the word "dry-dip," which is clearly descriptive of a dry, or powder preparation intended to perform the usual function of an animal dip. The mere misspelling of a descriptive term does not deprive it of its descriptive character. 300

The words "The Velvet Kind" applied to ice cream have been used in the trade by manufacturers in various parts of the United States as in-

DIGEST

dicative of a desirable quality in their product. In view of such usage, it cannot now be exclusively appropriated by one manufacturer. 319

The name "Roof Leak" as applied to roof paint, is descriptive, identifying its qualities and characteristics. 345

The name "Coca Cola" is not descriptive, and is a valid trade-mark. 349

The word "Rubberset," used by the plaintiffs since 1905 upon brushes, the bristles of which were set in rubber, is not a valid, technical trade-mark, because merely descriptive of the process or method of manufacture of the goods. 357

A descriptive term, by long association with the goods of one manufacturer, may acquire a secondary meaning, as indicating origin. The word "Rubberset" has come to have such a significance and indicates in the market, as applied to brushes, goods manufactured by the plaintiff. 357

§ 4. *Words Publici Juris.*

See, also, II, 4, § 3.

It is the settled law that a trade-mark which represents the class, grade, style or quality of the goods to which it is applied is not registrable. 338

§ 5. *Geographical Terms.*

See, also, II, 4, § 4.

The words "The American Girl" as applied to shoes are neither geographical nor descriptive and are properly the subject of exclusive appropriation. 169

§ 6. *Proper Names.*

See, also, II, 4, § 7.

The name of a man employed at a distillery, applied to the whiskey made by him from his formula, was not a valid trade-mark during his life time, being descriptive of the origin of the goods. Continuous use after his death may, however, gradually change the significance of such a name until it becomes a mere symbol of origin and, therefore, a valid trade-mark, entitled to protection as such. 10

§ 8. *Structural Features of Goods.*

The owner of a patent which has expired cannot, after the expiration of the patent, acquire by continued and exclusive use of the patented features, an exclusive right as a trade-mark in that which became public property on the expiration of the patent. 389

SIX TRADE-MARK REPORTER

Upon the expiration of a patent for a corrugated rubber hose, which corrugations, it appears from the patent, were useful and of structural value, the public acquires the right to manufacture the hose in the form shown by the patent. The patentee cannot, by making hose with corrugations for any length of time convert the article itself into a trade-mark and thereby acquire the exclusive right to make it. 289

§ 11. *Numerals.*

Whether naked numerals may constitute a valid trade-mark has never been determined. 3

§ 13. *Public Insignia.*

A trade-mark consisting of the letters "US" for cotton piece goods was refused registration on the ground that the mark is a simulation of the insignia of the United States. 436

§ 15. *Other Features.*

The product of a cartoonist's hand and brain is to be treated as a commodity, the same as merchandise which may be sold under a distinctive mark or name, the exclusive right to which, as a trade-mark or trade-name, in the sale of such commodity, is vested in the artist. 425

A cartoonist who contributes daily to a newspaper, a comic strip delineating characters known as "Mutt and Jeff" under a contract of exclusive employment, does not lose his right to monopolize the names of these characters, they not having been used as the title of the cartoons or of the comic strip. 425

3. TITLE TO A TRADE-MARK.

§ 1. *Creation.*

The exclusive right to the use of a trade-mark rests not on invention, but on such use as makes it indicative of the origin of the claimant's goods. 191

A piano salesman who procures pianos to be made by his employer under his name "Howard" and sells them on a commission basis is a mere employee and has no business or trade-mark. The right to use the name as applied to pianos and the good will of the business built up therein belongs to the employer. 310

§ 2. *Assignment and Devolution.*

A trade-mark may not be assigned except in connection with an existing business or good-will. An assignment of a registered trade-mark by

DIGEST

one claiming under the registrant, but who has ceased to use the mark, conveys no title. 903

A transfer of the entire business and good will of an article sold under a trade-mark takes with it the title to the trade-mark itself, for that is appurtenant to the business. 303

A transfer is valid, when it also transfers the stock, stationery, orders, customers and the like, in connection with the mark. 988

A trade-mark cannot be assigned except in connection with the assignment of the particular business in which it has been used, with its good will, and for continued use upon the same articles or class of articles. An attempted assignment of a naked trade-mark, disconnected with any business or good-will, is void. 396

An oral agreement, made upon the execution of a mortgage, that the trade-mark and good-will of the business should pass to the mortgagee, carries no title, when the mortgage was never foreclosed and the business was discontinued. 305

No reason is seen why George C. Barclay could not transmit to his sons, Barclay & Barclay, his good-will and trade-marks, or why Barclay & Barclay, if that firm wished to carry on business through Barclay & Co., could not transmit that good-will to Barclay & Co. 437

Although a trade-mark cannot be assigned apart from the business in connection with which it is used, the assignment of a trade-mark to a corporation through a third person, accompanied at the same time, and as part of the same transaction, by the direct transfer of the business from the owner of the trade-mark to the corporation vests in the latter the title to the mark. 496

§ 3. *Abandonment.*

Where an innkeeper rented the garage connected with his hostelry and permitted the lessee to put up his own sign and to do business under the name thereon, he abandoned any exclusive right in the name as applied to a garage, even though the name was identical with that of his hostelry. 270

§ 5. *Loss.*

A statement contained in a single pamphlet, made in the zeal of advertising, that the plaintiff "invented" and "patented" his polish, is not such misrepresentation as will vitiate his right to the trade-mark. 496

Opposer's right to a trade-mark for flour is not vitiated by a change in the species of wheat used. 143

Where, in a suit for infringement of a registered trade-mark, the label as used by the plaintiff held out to the public as registered, precisely that element of the mark which the patent office had rejected, such misrepresentation invalidates the registered trade-mark and operates as a bar to equitable relief from the asserted infringement by the defendant. 255

4. INFRINGEMENT.

§ 1. *Elements.*

See, also, I, 5, § 6a, and III, 2, § 6.

Whether plaintiff proceeds upon the ground of infringement of a trade-mark or upon the ground of unfair competition, there is one element common to both rights, which it is essential to establish; and that is that the dress of the alleged infringing or competing article is so similar to the one competed with, that it is probable that the purchasing public, while in the exercise of reasonable care, will be deceived and led to purchase the competing article for that of the plaintiff, with consequent injury to his trade. 3

It is an infringement on a legally acquired trade-name to use in the same locality and in the same line of business, another name of an import so similar that ordinary attention would not disclose the difference between the two names. 195

The adoption by the defendant of a corporate name which differed from that of the plaintiff only in the addition of the words "New York," together with the copying of the plaintiff's annual book and forms, none of which was necessary in conducting the business, constitutes infringement and unfair competition. 46

The test of infringement is not, whether the business of the trade-mark owner is injured, but whether the public is likely to be deceived.* 224

§ 2. *Conflicting Marks.*

See, also, II, 4, § 5.

The word "Everlasting," applied to aluminum ware, does not infringe the trade-mark "Wearever" for the same goods, since, although both suggest durability, the former does not so closely resemble the latter in appearance and sound as to deceive the purchasing public. When, however, the word "Everlasting" is used in connection with the word "Ware" it is an unlawful simulation of the trade-mark "Wearever" or "Everwear" and

DIGEST

undoubtedly causes confusion, and therefore causes injury to the owner of those marks. 42

The plaintiff's trade-marks "Walk-over" and the figure of a man stepping over a shoe, are good and valid trade-marks and the use by the defendant of the words "The Walkalover Shoe" and the representation of a figure of a man stepping over three shoes is an infringement thereof. 109

A man is entitled to use his own name in manufacturing and selling unpatented articles, but if another has previously and rightfully made that name valuable as a trade-name applied to goods of the same descriptive properties, then the later appropriator must so distinguish his trade-name as to preserve to the original appropriator the fruits of his industry and to prevent the public from being misled. 113

Plaintiff's registered trade-mark "Old Smoke House" is valid and infringed by defendant's use of a label which appropriated the trade-mark features of plaintiff's by referring to the subject of a portrait as "Old Smoke House Root," and the wording of which closely simulated the wording of plaintiff's label. The use of the word "Magic" to describe the defendant's goods does not remove the infringement. 191

The word "Marvel" in connection with the word "mist" is too close a simulation of the word "Wonder-mist," and its use on similar goods should be enjoined. 273

The trade-mark "Nokoro" for electrical resistances, held to conflict with the trade-mark "No-Co-Ro" used on sheet metal said to be particularly adapted for use for electrical resistance. 280

When two companies located in the same city, whose trade-names are almost identical, so broaden their field of manufacture as to conflict, the use of the trade-name on an attachment made by one manufacturer for use on an article made by both and which is almost universally sold as a part of that article, is just as misleading as if the name were used upon the article itself. Where the attachment is sold separately, the later manufacturer may use his trade-name or trade-mark upon the attachment, provided it is accompanied by a conspicuous notice which will distinguish his goods from those of the other manufacturer. Where the attachment is sold upon or in connection with the article for which it is intended, the use of the name should be permitted thereon only in connection with a notice that the attached article is not the product of the original manufacturer. 114

SIX TRADE-MARK REPORTER

Prior use of the representation of a tiger's head and of two tigers pulling in opposite directions at a pair of trousers, anticipate the use upon goods of the same class of the full length representation of a tiger reclining upon a pedestal. 341

The trade-mark "Roof Leak," if valid, would not be infringed by the use of the words "Never Leak" for a like article. 345

A trade-mark consisting of the representation of a milkmaid and the word "Milkmaid" conflicts with a trade-mark consisting of the name "Milkman," associated with a picture which includes the representation of a man and woman in Dutch attire. 483

A trade-mark consisting of the word and figure "Big 3," with the picture of a man in overalls standing within the figure does not conflict with a registered trade-mark consisting of the figure "5" in large type with the words "Big 5" written in the upper bar thereof and the picture of five workmen in the loop of the "5," especially since it appears that a third party has a still earlier registration of "Big 4" for overalls. The registrant's rights to the use of the word "Big" is limited to its association with the particular figure "5" adopted by it. 485

§ 3. *Goods of the Same Descriptive Properties.*

See, also, II, 4 § 6.

Under a common law rule that a trade-mark for one article extends to another article of the same descriptive properties, and under the statute for registration of trade-marks and the decided cases, straight and blended whiskies are goods of the same descriptive properties. 10

An engine-drawn plow outfit is an article of the same descriptive properties as an ordinary hand plow, and the use of the same mark upon the two articles by different companies will therefore cause confusion. 114

When the owner of a trade-mark applies for an injunction to restrain a competitor from injuring his property by making false representations to the public, it is essential that the complainant and defendant should both be engaged in the sale of the same kind of goods. 195

The owner of a trade-mark for two laundry articles may enjoin the use of a like mark upon a germicide used in sweeping. 291

Cigars are not goods of the same descriptive properties with medicinal preparations. Therefore, it is no infringement upon the plaintiff's trade-

DIGEST

mark "Penslar" for such remedies, to apply it to cigars of the defendant's manufacture. 370

§ 4. *Ten Year Marks.*

See, also, II, 4, § 9.

Rights in a trade-mark which by reason of the character of the mark may have been imperfect when use was begun, are perfected by a valid registration under the ten year clause of the trade-mark act of 1905. 10

§ 5. *Unauthorized Use.*

When one person has adopted a mark and has established a trade reputation in connection therewith, and another person adopts substantially the same mark, without any legitimate reason or excuse, the court will not, in view of such manifest appropriation, indulge in refinements. 290

5. SUITS FOR INFRINGEMENT.

§ 1. *Jurisdiction.*

See, also, III, 3, § 3.

In a suit alleging infringement of a trade-mark, plaintiff need not wait until defendant's goods are on the market. It is sufficient if defendant is arranging to place upon the market goods bearing a mark which infringes upon the plaintiff's registered trade-marks, accompanied by a notice of warning to purchasers which is insufficient. 180

Where a complainant's conduct has been such that he does not come into court with clean hands, the disqualification applies only to the particular matter of transaction with which the wrongful conduct has to do, and he may have relief in other respects. 337

§ 3. *Pleading and Practice.*

At the termination of a lease, the lessee contracted with the owner of a distillery for the further manufacture of whiskey and the bottling in bond of some old stock under the lessee's trade-mark. In a suit against the owner of the distillery for infringement upon the plaintiff's mark by reason of such use of the lessee's mark, held that a decree in favor of the lessee in an earlier suit by the same plaintiff *res adjudicata* in favor of the present defendant. 11

Where in a trade-mark case, the United States Supreme Court refused to review, on petition for a writ of certiorari, an interlocutory decree of the United States Circuit Court of Appeals, such refusal is not equivalent to an affirmance of the interlocutory decree and the Supreme

Court in reviewing the final decree of the Circuit Court of Appeals is called upon to notice and rectify any error in the interlocutory decree. 169

It is a well established rule of law that a trade-mark is in the nature of a property right which a court of equity will protect from invasion, but he who seeks relief must himself be free from fraud or misrepresentation. 254

Where complainant and defendant agreed that an encyclopedia should be represented to the public as the work of the complainant in order to avail themselves of its reputation to attract subscribers for the book, and subsequently the complainant terminated the agreement and sought to enjoin the use of its name, the court denied relief because the complainant did not come into court with clean hands, although the point was not raised by the defendant in their answer. 337

Where the complainant and defendant agree that an encyclopedia should be represented to the public as the work of the complainant in order to avail themselves of its reputation to attract subscribers for the book, the complainant cannot be heard to complain of conduct in which it joined and by which it profited. 337

The words "Old Lexington Club" as applied to whiskey are not so plainly invalid as a trade-mark because geographical or descriptive that their invalidity should be determined upon demurrer. 454

§ 3. *Pleading and Practice.*

The rights acquired by virtue of the registration of a trade-mark after the commencement of a suit for infringement thereof can be asserted only in a separate action.

§ 4. *Evidence.*

Testimony consisting almost wholly of unaided recollections of dates forty years old cannot be accepted. 11

There is a presumption that the sales of all goods bearing the infringing mark were due to the mark and any evidence to the contrary must be produced by the defendant, the only person who knows the facts or could make such proof. 465

§ 5. *Defenses.*

The grandsons of the founder of the firm "Wm. Knabe & Co.," later the "Wm. Knabe & Co. Mfg. Co.," a Maryland corporation, were in-

DIGEST

strumental in the formation of the "American Piano Co.," a consolidation of the above mentioned company with two others and the plaintiff here, and owned a controlling interest therein. The American Piano Company acquired the trade-marks and good-will of the "Wm. Knabe & Co. Mfg. Co." Later as a result of disagreements, the grandsons, defendants in this suit, severed all connection with the American Piano Company and organized an Ohio corporation known as the "Knabe Bros. Company." They obtained control of a piano factory in that state where they commenced to manufacture, among others, pianos bearing their corporate name accompanied by a notice to the effect that their pianos were not to be confused with the goods of the American Piano Company, and that they were the grandsons of the original Wm. Knabe. The fact that the plaintiff advertised the connection of the grandsons with the manufacture of its pianos is not ground for denying it injunctive relief, since the offending publications were promptly discontinued when complaint was made. 180

Where the plaintiff was the owner of the trade-marks and good-will of its predecessors, the fact that it put out pianos under the name of "Wm. Knabe & Company," which was one of the trade-marks, without disclosing its successorship to "Wm. Knabe & Company" does not deprive it of its right to protect the name against infringement. 180

Section 3446 of the Alabama code provides that no name shall be assumed which is identical with that of any corporation already existing in this state, or so nearly similar thereto as to lead to confusion and uncertainty, nor shall the name of any person or partnership be assumed without the addition of some word or words designating the nature of at least one of the businesses to be carried on, followed by the word "Company," or "Corporation" and "Inc." The name assumed by the defendant, when incorporating, is not binding or conclusive on third parties, and the incorporation under this name is no defense in a suit for infringement. 259

§ 6. *Relief.*

a. *Injunction.*

Where a manufacturer adopts a mark and for many years makes no effort to extend the sale of the goods to which it is applied beyond a certain territory, and another manufacturer in ignorance of the rights of the first user adopts the same mark and applies it to goods of the like descriptive properties, which are sold in a territory well-removed from the territory of the original appropriator of the mark, so that no confusion ever results, the original appropriator is not entitled to an injunction restraining the later claimant from his use of the mark within the territory where it has been so long used. 98

Appellant, having failed upon an application for an attachment for contempt of court in violating an injunction to prove that appellee was at any time in question an officer, agent, servant or employee of defendant, the application for a writ against defendant and its so-called agent, jointly and severally, was properly dismissed. 60

The fact that the plaintiff sold pianos not in fact Knabe pianos as bearing the "Knabe guaranty" is not ground for denying it injunctive relief, since it is not clear that the "Knabe guaranty" went beyond a guaranty of quality. 180

Equity will enjoin individuals, or a corporation, that are using the name, insignia and emblems of an existing benevolent and fraternal association to the injury of the latter. The facts examined, and *held*, that the court did not abuse its discretion in granting an interlocutory injunction. 199

To warrant the issuance of an injunction in a case of trade-name there must be, first, the existence of a trade-name, second, the fact of an imitation, either directly or with such variations as are merely colorable, and third, the fact that such imitation is made without the license or acquiescence of the owner. 259

Where plaintiff has long been engaged in a given locality under a particular name, and the defendant embarks in the same business under substantially the same name with the intention of deceiving purchasers by inducing them to believe it is the plaintiff's business, and defendant does so deceive them, a proper case is presented for relief by injunction. 259

In a suit alleging infringement of a trade-name, injunctive relief will not be denied on the ground that plaintiff wrongfully assumed the name of a defunct corporation of which he had been the receiver where there is no showing of fraud, wrong or injury against the public or stockholders and creditors of the defunct corporation, and in the absence of any claim by the plaintiff under or through the rights of the defunct corporation, its stockholders and creditors. 259

An injunction which enjoined the defendant from using or continuing the use of the words "Sioux City Hide & Fur Co." as a trade-name and from using the words "Sioux City" in connection with other words designating or indicating a business of dealing in hides, robes, fur or tanning was not violated by the defendant's receipt of mail and shipments in that name and actually intended for the defendant, within a few days after the in-

DIGEST

junction was issued, especially in view of the fact that the defendant adopted a new trade-name and took steps to notify its shippers of the change. 369

§ c. Accounting.

The right to use a trade-mark is recognized as a kind of property of which the owner is entitled to the exclusive enjoyment to the extent that it has been actually used, and an infringer is required in equity to account for and yield up his gains from the infringement to the true owner of the mark, without reference to any apportionment by the owner of the mark between the infringer's profits attributable to use of the mark and those attributable to the intrinsic merit of the article itself. 169

In a suit for infringement of a trade-mark the account determines questions of fact, and in the absence of manifest error, there is no sufficient reason to disturb the decree. 170

Where the defendants' sale has been small and they were not notified of the alleged infringement and plaintiff knew, or must have known, of the fact for two years, an accounting of profits should be denied. 496

The owner of a trade-mark is entitled to recover from an infringer the profits arising from the sale of spurious goods with the trade-mark upon them and is not limited to the difference between the price for which the spurious goods would sell with the trade-mark and the price for the same goods without the trade-mark. The plaintiff on an accounting need not, therefore, show that it has lost any sales by the infringement. 465

Where the defendant under equity rule 63, submits an affidavit showing that it cannot state the amount of profits on any one branch of goods manufactured by it, it is proper to disallow all items of cost charged by the defendant against the goods involved in the accounting. 465

§ 9. *Laches.*

Where the later appropriator of a mark used it for many years without challenge from the original appropriator, it may well be that, even if the original appropriator did not know of this use, nevertheless, it is legally chargeable with such knowledge and acquiescence for many years, and that the use by the later appropriator may mature into a possession, of which a court of equity will not deprive him by injunction. 11

The owner of a trade-mark is obliged, in a degree depending upon circumstances, to advertise his mark to the trade, so that the probability of

the adoption by another of an infringing mark through ignorance will be reduced to a minimum. The failure to do this may constitute such laches as to stop the owner of the mark from asserting his rights against a later user. 98

II. REGISTRATION OF TRADE-MARKS.

2. EFFECT OF REGISTRATION.

§ 1. *Defenses.*

Where the owner of a trade-mark is aware of the use of its mark by another, but fails during the upwards of fifteen years to assert its right thereto, he is estopped from acquiring the *prima facie* title to the mark conferred by registration.

§ 2. *Effect of Registration.*

Registration under the federal trade-mark act, is not expressly made notice of the rights claimed, and so it cannot as a matter of law be called a constructive notice; and yet that it in fact tends to give notice is well known. 98

The registration of a trade-mark is only *prima facie* evidence of ownership. If there is no valid trade-mark at common law, registration cannot create one. 300

Since registration is *prima facie* evidence of ownership, it should not be granted to one who is estopped from asserting an exclusive right to the mark. 457

§ 3. *Registration by Bill in Equity.*

A suit in equity will lie to obtain registration of a trade-mark improperly refused by the patent office. 457

3. THE APPLICATION.

§ 5. *Statement.*

Applicant's original statement set forth, in effect, that "Tatum" was used by it as a trade-mark since 1864. This statement was objected to by the examiner and applicant was required to limit its statement of the date of use of the mark applied for to one specific date. 439

§ 7. *Disclaimer.*

The words "Sexton's Silverbar Soap," the letter "S" extending in front of all the words as a trade-mark for soap, was refused registration. Ap-

DIGEST

plicant filed the following disclaimer: No exclusive right is claimed in the words Sexton's Soap, nor in the word "Silverbar." Prior registrations show that no one is entitled to the use of the word "Silver" as a trade-mark for soap, and if applicant will cancel the disclaimer in so far as it applies to the other words, the mark may be registered. 283

A disclaimer of the right to use the word "Cedar" made by the plaintiff in the British patent office for the purpose of obtaining registration there, in no way affects his right to the use of the name "Cedarine." 496

The representation of a boy and the words "Little work" as a trade-mark for a washing compound. A disclaimer was required in view of the fact that the words are descriptive. 392

Part of the angle line forms a part of the letter "T" and another part of the angle line separates the words "The" and "Inknife" and the word "The" is overscored and the word "Inknife" underscored. The whole seems to be a definite unit. The examiner has indicated that with a disclaimer of the word "Inknife," he would allow the registration. I see no necessity for the disclaimer. 600

A disclaimer of the prominent feature of a mark is immaterial since it would not be known to the general public and would merely slumber in the archives of the patent office. 596

§ 8. *Consent.*

"Kris Kringle" written on a chimney down which the patron saint is represented as descending, for cotton piece goods, refused registration in view of the prior registration of the word "Santa Claus" and his conventional picture for knitted, netted and textile fabrics. The registrant filed the consent of the owner of the "Santa Claus" mark for use of the mark on colored fabrics. Allowed as amended, for the latter goods. 444

§ 9. *Function of the Examiner.*

It is the function of the examiner of trade-marks to judge in the first instance whether an application should be rejected or given registration. Apparent inconsistencies in his rulings will inevitably develop from time to time, because of his attempt to apply precedents established by higher tribunals, in a field where distinctions are in their nature fine and difficult. This does not justify overruling his decision by the exercise of supervisory authority. 283

SIX TRADE-MARK REPORTER

4. REGISTRABLE MARKS.

§ 9. *Descriptive and Generic Terms.*

The following marks are held to be descriptive:

"Notaseme" for hosiery,	144
"Cleaneasy" for bed pans,	144
"Nobuckl," with shaded lines above and below it, for straps and baggage binders,	144
"Infallible" for smokeless sporting powder,	243
"Limestone Brand Phosphate" for a laxative for rheumatism and similar ailments, the initial letter "L" extending under the entire word and having the words "Trade-Mark Registered" thereon,	243
"Economic," for a fertilizer distributor,	244
"Peerless," for brewers' dried grains,	244
"Everlasting," for metallic valves,	244
"Nonpareil" for tiles and tiling,	239
"Orange" and a picture of two oranges and foliage for toothpaste, powder and mouth wash,	391
"Peau de Sole" (Silk Skin), for typewriter ribbons,	390
"Wet Weather," for paper shot shells,	391
"Nevrsrink," the top of the letter "s" extending over the letters "Rink" and under the letters "Evr,"	391
"Faultless," for bread,	586
"Perfection," for bed pans,	586
"Stenotype," for stenographic writing machines,	586
"Never-Stretch," for mattresses,	586
"Twin Six," for motor vehicles propelled by internal combustion motors,	588
"Plastic Fire Brick," for "refractory cement," originally stated to be "firepot lining material,"	587
"Protexwel," for certain articles of wearing apparel, for example, coats made for surgeons and workmen, skirt protectors, rubber sheets for protecting bedding, etc.,	589
"Kady Koatless," for suspenders,	596
"Cyanamid," for a chemical compound for agricultural, metallurgical and chemical purposes,	597

The following marks have been held not to be descriptive:

"Worthmore," displayed upon a shield from which ex-

DIGEST

tends a panel, the figure of a griffin being mounted on the panel,	144
"Indestructible," for voile used for diaphanous dresses which are to be worn over substantial foundations of silk or other material,	344
"Wear-right," for gloves, is doubtless open to criticism, but seems to have attained the status of a trade-mark as applied by applicants to its goods,	393
"Cent-a-Lax," for laxative pills or tablets, known as "The Penny Laxative,"	393
"Waycleanse," for a street sweeper,	393
"Roach Butter" and the picture of a goat, butting a roach, for insecticides,	393
"Add-a-pearl," for necklaces so constructed as to admit of the addition of gems or other elements, upon anniversaries,	393
"Fitzall," written with a red border enclosing the letter "Z" which extends about one-half the length of the diagonal on the rectangular border, the word "Fi" appearing in one corner of the "Z" and in the other corner the word "all," for horse collars and harness,	393
"R-Best," for wheat flour not clearly descriptive when applied to flour,	394
"Its the Wheat," and the conventional representation of a sack of flour,	433
"Cedarine," for furniture polish is an arbitrary word not found in the dictionary and had no meaning until the plaintiff coined the word and gave it a meaning,	496
"Old File," for cutlery,	585
"Tylike," for felt shingles,	585
"Kiddies," for hosiery,	587
"Bon Bon," for bread and cake,	587
"Channelath," for expanded metal roofing,	588
"Nurs-Wel," written in stump script with two wide flourishes of the "W" passing over and under the words,	589

The following marks have been held not to be descriptive:

"Rain Water Crystals" as a trade-mark for water softening compound are sufficiently arbitrary for registration,	283
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SIX TRADE-MARK REPORTER

"Stein-way," for garters,	288
"Little Work" and the representation of a boy for a washing compounds,	392
"Tungs-tone," is a coined word and is not too close to "Tungsten," of which styli or needles are made, and should be allowed. The word is suggestive, but not more so than many which are descriptive,	392
"Rat Rid," over a picture of a rat, for an exterminator for rats and other rodents,	393
"Canned Heat," for a mixture of alcohol and certain semi-solids,	394
"Stylefit," for paper garment patterns,	431
"Paristyle," surrounded by an ellipse, made up of two shaded braids of hair, for hair nets,	431
"Ozone," for soap,	432
"Golden," for flavoring syrup and non-alcoholic beverages,	445

§ 3. *Words Publici Juris.*

A trade-mark for shoes consisting of a medallion having a bottom of a human foot enclosed on three sides with an outlined scroll border and having the words "Helthy-Fut" above the foot and within the border, should be passed for publication and registered if no opposition arises. In view of the prior registrations the word "Health" is of doubtful validity as a trade-mark for shoes, as is also the representation of a foot. 284

A trade-mark, the principal feature of which is a maltese cross, refused registration in view of prior registrations containing such a cross, for the same goods. 242

"Flexeze" as a trade-mark for leather shoes, refused registration in view of prior registrations. 444

As to the other registrations showing the word "Lehealol" for ointment and lotions, I find that no one is entitled broadly to all the variations of these words. 600

It appears that globes have been registered for goods of a similar character to applicant's as far back as 1872. This being the case, no one is entitled at this date to the exclusive representation of a globe and applicant's representation of the globe is as distinctive from the reference as the references are from prior references. 601

DIGEST

§ 4. *Geographical Terms.*

See, also, I, 5, § 3.

"Pasadena" partially enclosed with a spray of roses as a trade-mark for woolen, mohair and cotton piece goods, refused registration on the ground of the geographical nature of the word. 433

"Cho-Sen," written in a peculiar style of type, for cotton piece goods is geographical. 432

The words "Old Lexington Club" as applied to whiskey are neither geographical nor descriptive. 457

§ 5. *Conflicting Marks.*

A mark for motor lubricating oil, consisting of the head of a tiger holding in its mouth a package on which appears a picture of the head of a tiger and the name "Tiger Motor Oil" conflicts with a full figure of a tiger for the same goods. 145

A green colored strand in wire rope, all the strands of which are helically disposed conflicts with a mark which differs from applicant's mark only in that the strand is colored white. 592

Where the two marks alleged to conflict have nothing in common except the word "Veribest" to the exclusive use of which neither party is entitled, there is no conflict between the marks and an interference should be dissolved. 146

"West" is about as close to "Western" as is "Great Western," and if anything, closer than "Northwest." 601

A figure consisting of a red star, having superimposed upon it a white star with a red border and the latter having enclosed therein a smaller star, together with a facsimile signature of the applicant for syrup, conflicts with a trade-mark showing a conventional star. 442

"Velvelite," conflicts with "Velvetina" for face powder. 443

"Kris Kringle" written on a chimney, down which the patron saint is represented as descending, for cotton piece goods, conflicts with "Santa Claus" and his conventional picture for knitted, netted and textile fabrics. 444

"Tatum" written both horizontally and vertically on a shield with a scroll above the shingle, for office and stationery supplies conflicts with a

SIX TRADE-MARK REPORTER

shield-like design, having on it the words "Toof" written horizontally and "Quality" written vertically, with other accessories. 445

"O-Cedar" is an infringement upon "Cedarine" for furniture polish. 496

"A. & A. R. Co. 100% Line," arranged in a circle, and the words "Para Oke," arranged horizontally and diametrically in the circle, conflict with a mark consisting of the word "Para" above and "Boston" below a line on which appears the words "Rubber Shoe Co." 593

"Imperator" conflicts with "Imperial" for the same goods. 591

Opposer's contention is, that having used the name "PONS" in commerce in this country, and since it is a prominent part of applicant's mark, it would produce confusion to register the mark in this country, having this word as a prominent feature thereof. This contention is sound. 590

The word "Queen" written in white block letters on an inverted black triangle as a trade-mark for house dresses and negligees, conflicts with "Queen Quality" for the same goods. 593

"American Queen" conflicts with "Queen" for silk gloves. 594

The prominent, dominating feature of all the marks is the representation of a bear or its equivalent, the word "Bear." Whether it is a polar bear or a black bear, or whether it is the word "Bear" by the side of the representation of the bear or across the bear, are minor features. 442

Opposer sets forth in its notice of opposition that it has used no goods of the same descriptive properties before applicant began the use of "Blue Boy," the words "Snow Boy," together with the symbol of a boy on "blue cartons or boxes" and at the hearing filed a sample of one of these boxes which shows that, as put upon the market, the dominant color of the box is blue. Opposition sustained. 448

The name "National" for envelopes is not sufficiently similar to the words "National Bank" for writing paper that the former should be rejected on account of the latter registered mark. 145

"Ac/mi/Co" is not so similar to the word "Acme," which is in very common use as a trade-mark, as to be rejected on that ground. 144

"Big 3," the "3" enclosing a man in working clothes, as a trade-mark for overalls, does not conflict with the phrase "Big 5," the loop of the "5" enclosing pictures of five men. 145

DIGEST

"Neolin" as a trade-mark for non-poisonous germicides for medical and surgical use, especially prepared for internal administration, refused on the ground that it conflicts with "Creolin" for deodorants, germ destroyers and sheep dip. 245

"Milkman" and the picture of a man with a can of milk on his back enclosed in a wreath conflicts with the word "Milkmaid" and the picture of a woman with a pail of milk on her head and a second pail in her hand. 245

"Mother Goose" and a picture of that mythical character riding on a broomstick, as a trade-mark for shoes, conflicts with a mark for the same goods consisting of the word "Goose" and a picture of a goose with a key in its mouth. 246

"Bo-Ka," conflicts with the trade mark "Bouquet" for the same goods. 246

The representation of a dog holding in its mouth a stocking and having its fore paws on the other end of the stocking, as a trade-mark, is not anticipated by a mark consisting of the representation of the head of a dog, probably a terrier, surrounded by a circular background, all on the representation of a ribbon having written thereon below the dog's head the words "First Prize" and above the dog's head the words "Boston Terrier," for hosiery. 285

"Our Dainty Maid" is refused registration in view of the prior registrations of "Dainty" and "Mademoiselle Dainty" as a trade-mark for goods of the same descriptive properties. 284

The representation of a barn having written across it in large letters the word "Fleming" as a trade-mark for veterinary medicines, is not anticipated by the picture of a barn with a silo at one end as a trade-mark for external remedies for animals. 284

§ 6. *Goods of the Same Descriptive Properties.*

The following goods have been held of the same descriptive properties:

Candy and corn crisp, popcorn treated with syrup and moulded into cakes, 446

Silk fabrics in the piece, for tailors' and clothiers' trimmings and cotton piece goods, 445

Gloves made of canvas or cotton, white duck coats, dusting caps, boys' and men's caps and rubber gloves, 446

Soap, on the one hand and washing powder described as a

SIX TRADE-MARK REPORTER

cleanser, waste pipe cleaner, beer pipe cleaner and house and hand cleaner,	446
Non-alcoholic carbonated beverages and flavoring syrups,	598

The following goods have been held not of the same descriptive properties:


Popcorn and candy or chocolates,	281
Engine or lubricating oils, and kerosene, gasoline, naphtha, or a mixture of kerosene and gasoline,	447
Butter and condensed milk,	240
Rubber and leather belting,	287
All roofing materials,	282
Chewing gum and confections, including chocolates, butter- scotch and the like,	282
Syrup and flour,	469
Electric vacuum cleaners and electric heating resistances, cooking utensils and the like,	574

§ 7. *Proper Names.*

(See, also, I, 2, 6, *ante*).

"Stein-way" as a trade-mark for garters refused registration because it is a well known name not distinctively displayed and is descriptive. 288

"Vera von Wissen" for newspaper sections. Since applicant has submitted an affidavit that the words are neither the name of an individual nor the *nom de plume* of the authoress, his statement may be accepted and the words registered. 389

The word "Fisk" and  is unregistrable as a trade-mark for rubber vehicle tires. 287

"Talbot" with the tops of the letters "t" extending over the entire words, as a trade-mark for steam boilers and steam engines, refused on the ground that the name was not distinctively displayed. 433

"Farnum," the "F" of which is in large script, shaded, and the other letters in similar script, shaded, for shoes, refused on the ground that it is a common name not distinctively displayed. 433

If the name "Loft" is printed as the facsimile signature of Mr. George W. Loft, the mark may be registered. 434

§ 8. *Marks Deceptively Used.*

"Peau de Sole" ("Silk Skin") for typewriter ribbons is either deceptive or descriptive. 389

DIGEST

The words "Limestone Brand Phosphate" as a trade-mark for a laxative for rheumatism and similar ailments are either descriptive or deceptive. 243

"Indestructible" as a trade-mark for voile used for diaphanous dresses which are to be worn over substantial foundations of silk or other material, is not in any sense accurately descriptive, and while it might be deceptive if taken literally, there is no element of deception for experienced purchasers. 244

§ 9. *Ten Year Marks.*

See, also, I, 4, § 4.

a. Interpretation of Ten Year Clause.

The word "Government" as a trade-mark for babbitt metal was refused registration under the ten year clause. 437

f. Proper Names.

Rights in a trade-mark which by reason of the character of the mark (a proper name) may have been imperfect when use was begun, are perfected by a valid registration under the ten year clause of the trade-mark act of 1905. 10

§ 13. *Corporate Names.*

The word "Stork" is unregistrable as a trade-mark owing to the existence of a corporation named "The Stork Company." (Reversed, 529). 101

A mark consisting of a double circle and a ring of seven infants' heads enclosing the word "Stork" in heavy script, is unregistrable as a trade-mark, notwithstanding the fact that the word "Stork" alone had previously been refused, on the ground that it was the name of a corporation other than the applicant. A distinction must be made between the names of corporations which were always common English words and names coined for the purposes of the corporation and which are, therefore, corporate names. 529

The word "Ford" even though written or printed in a peculiar manner, held unregistrable as a trade-mark for automobile tires, owing to its presence in the name of the "Ford Motor Company" a corporation. (cf 529). 141

"Paramount" refused registration because of the existence of a corporation known as the "Paramount Knitting Company." (cf 529). 435

SIX TRADE-MARK REPORTER

The word "Simplex" is not registrable as a trade-mark owing to the existence of a corporation named "Simplex Electric Heating Company." (Reversed 574). 936

The word "Simplex" is registrable as a trade-mark for electric vacuum cleaners, in spite of its use as a part of the name of a corporation other than the applicant. 974

§ 14. *Representation of Goods.*

This is an appeal from the decision of the examiner of trade-marks refusing to register what the applicants say is a pictorial representation of its patented well drill jar surrounded by a diamond shaped figure as a trade-mark for well drill jars.

Substantial justice would be done to both public and applicant if the registration were granted, when the applicant shall have filed a disclaimer of the exclusive right to the illustration of its goods disconnected from the other part of its mark after the patent shall have expired, thus putting the public on notice of the exact status of the applicant's right. Until such disclaimer is filed the mark may not be registered. 986

§ 17. *On What Goods.*

The name "Shaw" enclosed in a representation of a circular belt, refused registration because there was no trade-mark use. 438

A trade-mark for coupons, trading stamps, leaflets, circulars, catalogs, posters, labels and the like, refused registration. A trading stamp is a vendible commodity and the identification of the issuer is a matter of some importance. A trade-mark for trading stamps has been registered prior to this time. 941

The name "Strat" applied to a game was rejected by the examiner, because he held it was not a trade-mark, but the name of the game itself, and that it was the same as the title of a book. 147

A band around the smoke stack of a boat on which oysters are transported, is not a trade-mark for the oysters since the alleged mark is not affixed to the goods and does not come within the definition of a trade-mark. 601

§ 18. *Equivalents.*

The representation of the conventional figure of a marathon runner held to be the trade-mark equivalent of the head of the mythological god Mercury. 449

DIGEST

§ 19. *Portraits.*

In the trade-mark act of 1905, it is provided that no portrait of a living individual may be registered as a trade-mark, except with the consent of the individual, evidenced in writing. The act specifically forbids the use of the portrait of a living person. Therefore the omission of any protection against the use of the portrait of a deceased person is no oversight.

436

5. INTERFERENCE.

§ 1. *Declaration.*

While the verified declaration states that the mark has been used in commerce among the several states of the United States, the omission to produce any bills of lading or other indication of interstate use, prior to the filing of the application for registration suggests that no such use has occurred and fairly puts the office under the duty to inquire whether the declaration is correct in this statement.

438

§ 2. *Evidence.*

Appeal from the decision of the examiner of interferences, refusing to require the Kinloch Hosiery Mills to intervene and prosecute the interference on behalf of the senior party, and refusing to shift the burden of proof to the Kinloch Hosiery Mills in case it intervenes. A certificate from the secretary of state of Missouri shows that the senior party forfeited its corporate rights prior to the date in which the alleged right of the Kinloch Hosiery Mills was derived from that corporation. The present record is not sufficient to justify a conclusion as to the right of the Kinloch Hosiery Mills to prosecute the interferences. To make it the junior party would be practically tantamount to deciding that question, because its only alleged right to the trade-mark is dependent upon the validity of a title derived from the senior party since the interference began.

449

A close analysis of testimony, especially as to the commencement of the use of "Western," which was eighteen years before the testimony was taken, shows it to be so vague, elusive and uncertain, that it cannot be accepted as depriving anyone of substantial rights.

601

§ 7. *Res Adjudicata.*

Where, in a trade-mark interference, the commissioner of patents decided that the mark was unregistrable and no appeal was taken, the question is *res adjudicata* and a new application upon the ground that, in view of later decisions by the court of appeals, the decision was erroneous will not be considered.

137

6. OPPOSITIONS.

§ 1. *The Opponent.*

Even assuming that Barclay & Barclay have no right to register its mark since that firm has not used it, this of itself does not give opposer the right to oppose this registration.

§ 5. *Dismissal.*

It is not customary to dismiss an opposition on motion unless unusually clear, but where the rights of the parties are clear, it is useless to put applicant to the expense of opposition proceedings. Opposition dismissed. 448

§ 6. *Evidence.*

Even if opponent's mark is descriptive, this will not prevent the opposition from prevailing. 447

§ 8. *Amendment of Application.*

After an applicant has been defeated in an opposition proceeding, he may be permitted to amend his application but he must eliminate therefrom every ground of controversy which was involved in the opposition proceeding.

§ 9. *Amendment of Notice.*

The motion was brought after a decision dismissing the original opposition. The granting of the motion would necessitate a modification of the decision, though the decision would still be to dismiss. Therefore, no amendment should be permitted. 447

§ 10. *Res Adjudicata.*

Where the registrability of a trade-mark for apparatus for heating, cooling and pasteurizing milk was determined in a prior opposition proceeding, the registrability of the same mark for similar apparatus heated by steam is *res adjudicata*. 236

§ 11. *Consolidation.*

On motion of the applicant, two oppositions may be consolidated and the opposition proceed to the taking of the proofs. 595

7. VALIDITY OF REGISTRATION.

The registration of a trade-mark under the act of 1905 is not fraudulent because the registrant claims that no other person has the right to use the trade-mark as applied to the goods covered by the application, even though

DIGEST

some other person has a defensive right to use the mark on goods of the same descriptive properties, not specifically claimed in the registration. 11

Where the plaintiff registered its mark for straight whiskey and failed to notify the defendant who has a defensive right to use the mark on blended whiskeys, the limited effect of the registration does not conflict with the rights of the defendant and the registration is not fraudulent. 11

The registration of a trade-mark under the act of 1905 is not fraudulent because of claims that the trade-mark was in use for a certain period of time, although during a part of such time the use was descriptive rather than a strictly trade-mark use. 11

A trade-mark for a medicinal preparation, which is admitted to be of some value for the purpose for which it is recommended, is not invalidated by the fact that the remedy will be injurious if taken in excess of the prescribed amounts. 98

8. PROCEEDINGS FOR REVIEW.

§ 1. *By Appeal.*

The insufficiency or incompetency of affidavits to show non-use of marks conflicting and previously registered is appealable. It cannot be determined on petition. 285

Where the matter is appealable a petition to the commissioner will be denied. 241

9. CANCELLATION.

§ 2. *Pleading and Practice.*

See, also, III, 3, § 6a.

A motion was made to amend the petition for cancellation after testimony had been taken by both parties and just before the expiration of the time to take rebuttal testimony. The amendment sought to set up that the marks were not properly registrable. In view of the fact that if the amendment were not granted the petitioner was precluded from another application to cancel on the same ground. 147

§ 3. *Evidence.*

Evidence of applicant's use of mark prior to first date of use relied on by registrant held sufficient. 279

An application for the cancellation of a trade-mark, depending upon the showing of a superior right of a third party in the mark, should be dismissed. 139

The United States district court has held, in litigation between the same parties, that in 1898 Macwilliam assigned to the predecessor of the President Suspender Company his entire business in the manufacture and sale of suspenders, together with the good-will, trade-marks and exclusive right to use his patent. This finding will be accepted here and Macwilliam is, therefore, held not to be entitled to the registration. 240

§ 4. *Ten-Year Clause.*

The article known as "Ehret's Slag Roofing" was the subject matter of a patent formerly owned by the Warren-Ehret Co., or its predecessors, which expired in 1885. The petitioner for cancellation alleges that the words "Ehret's Slag Roofing" are descriptive of the article manufactured and sold under the expired patent and that the article has come into wide commercial use under that name. 600

11. STATE AND LOCAL STATUTES.

§ 1. *New York.*

The prohibition enacted in the general corporation law, section six, providing that no certificate of incorporation of a proposed corporation having the same name as a corporation authorized to do business under the laws of this state, or a name so nearly resembling it as to be calculated to deceive, shall be filed, is equally applicable, under general and well recognized principles, to the adoption of a trade-name by an individual or co-partnership. 87

§ 3. *Kentucky.*

A Kentucky statute, providing punishment, in the discretion of the magistrate, for the use, without the consent of the owner thereof, of certain containers distinguished by a mark which has been duly filed and published, is not unconstitutional. 73

That part of the statute which provides that the use of certain trade-marked containers, without written authority of the owner thereof, provided said mark has been duly filed, shall be presumptive evidence of the unlawfulness of such use, is not in violation of the fundamental rule of our criminal law, that the assumption of innocence attends the accused at every stage of the proceedings, and would not, of necessity, be invalidated if it did. 73

DIGEST

§ 4. *Georgia.*

The act of 1909 (Civ. Code 1993, 1994) for the protection of any incorporated organization, benevolent or other, against the use or adoption of its name, style or emblems by others, cannot be invoked by voluntary associations. 199

12. LABELS.

Plaintiff manufactured under a secret formula a tire fluid which it sold under the trade-mark "Neverleak." One D obtained a patent on a vehicle tire comprising the combination of any pneumatic tire and any free-flowing sealing agent within its air chamber. Plaintiff purchased this patent to avoid infringing it. Plaintiff used a label containing the words "Neverleak Tire Fluid. Patented U. S. A. Foundation patent No. 578551" and also bearing a warning to infringers. The patent expired in 1914 and thereafter the plaintiff used a label omitting the word "Foundation." Held that the label was not such a misrepresentation as to deprive it of its pre-existing property rights in the trade-mark "Neverleak." 61

An oval shaped label, consisting of a band or scroll containing the words "Finest American Manufacture-Hand Made" surrounding a colored field on which there appears the picture of a Belgian hare and the words "Belgian Hair Felt-Extra Quality," refused registration on the ground that the label does not describe the goods for which it is intended. 949

The examiner of the trade-marks properly refused to register under one application and for one fee, three different labels, one for Holland gin, one for Jamaica rum and one for whiskey, each of the labels having substantially the same picture thereon and the words "Youthful Club." 460

III. UNFAIR COMPETITION.

1. NATURE AND BASIS OF WRONG.

§ 1. *Distinguished from Infringement of Trade-Marks.*

The essential element of wrong is the same in cases of trade-mark infringement as in cases of unfair competition unaccompanied by trade-mark infringement, the essence of the wrong consisting in the sale of the goods of one manufacturer or vendor for those of another. In fact, the common law of trade-marks is but a part of the broader law of unfair competition. 140

§ 2. *Competition Necessary.*

Where there is no identity between the business of the plaintiff and

that of the defendant, and no competition between them, there is not sufficient ground to maintain a suit for unfair competition. 93

There can be no unfair competition, unless there is competition in fact. The use upon cigars, of the plaintiff's trade-mark, applied by it to medicinal preparations, does not constitute unfair competition, even though cigars are usually sold in drug stores, where the plaintiff's remedies are sold, and even though it leads purchasers to suppose that the cigars are manufactured or offered for sale by the plaintiff. 370

Goods which in the same territory would constitute unfair competition are not actionable if done in a territory distinct from that occupied by the person claiming to be aggrieved. A manufacturer of ice cream in Baltimore who imitates the brand, color of tubs and wagons and the style of advertising of a manufacturer in Washington does not interfere with the rights of the latter party who has made no trade in Baltimore. 319

There can be no unfair competition where there is no competition in fact; and where the territory occupied by one party does not encroach upon that occupied by another, no cause of action exists. 395

Where there is no injury suffered by the complainant, there can be no unfair competition and no basis for an action to enjoin same. The right to object to the use of one's trade-mark by another is limited to the use thereof upon goods which compete with one's own. 469

The mere fact that by misuse of a trade-mark, a dealer is profiting by the reputation of other goods and by the goodwill of another company, does not, in the absence of competition, afford the latter company any ground for action. 469

§ 3. *Right of Priority.*

Where two companies located in the same city, whose trade-names are almost identical, broaden their field of manufacture so that their fields conflict, the fact that the public is ignorant of the separate and distinct identity of the two companies does not deprive the earlier company of its right to be free from unfair competition in the use of its trade-name. 113

In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation determines their rights. But where two parties are independently employing the same mark upon goods of the same class, in separate markets, wholly remote the one

DIGEST

from the other, the question of prior appropriation is legally insignificant, at least unless it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like. 149

§ 4. *Intent.*

In a suit for unfair competition, the plaintiff's right to an injunction does not depend upon the intent with which defendant's name was adopted. 87

Where the defendant used a label similar in shape and color scheme to the plaintiff's label, but slightly different in arrangement and bearing a distinctive trade-mark, the similarity is not sufficiently close to justify the presumption of an intent to mislead purchasers; and in the absence of proof of confusion and the substitution of the defendant's goods for those of the plaintiff, the bill will be dismissed. 255

The fact that one manufacturer advertised an article extensively and created a demand for it gives him no ground for seeking to prevent a rival manufacturer from entering the market to supply the demand thus created, so long as he does not seek to pass off his product as that of the earlier manufacturer. 414

§ 5. *Deception.*

Whether plaintiff proceeds upon the ground of infringement of a trade-mark or upon the ground of unfair competition, there is one element common to both rights, which it is essential to establish; and that is that the dress of the alleged infringing or competing article is so similar to the one competed with, that it is probable the purchasing public, while in the exercise of reasonable care, will be deceived and led to purchase the competing article for that of the plaintiff, with consequent injury to his trade. 8

It is necessary to show actual deception; it is sufficient if it be shown that the probable result of the use of the defendant's label will be to deceive the ordinary purchaser. 43

Where the defendant sold plowshares to fit plaintiff's plows, the use of a monogram so similar to plaintiff's monogram as to deceive the purchasing public as to their manufacture, is unfair competition and the plaintiff is entitled to an injunction; but the use of such a monogram upon shares not made to fit the plaintiff's plows should not be enjoined. 553

SIX TRADE-MARK REPORTER

In a case of confusion of corporate names, where it is clear that the use of a name by a competitor will result in deception and damages to an earlier user of a similar name, it is not necessary to await either, before applying for an injunction. 46

Courts do not decide misleading markings by the *caveat emptor* rule of buyer and seller. It is not alone the rights of rival makers that are concerned, but the rights of the consumer, and no marking which travels near the border line of commercial deceit can be sanctioned. 53

While a monopoly of a surname may not be secured by registration as a trade-mark in a distinctive form, yet simulation of mechanical and typical peculiarities may, if sufficient to deceive the public, be regarded as a violation thereof. 94

The same fundamental principle of law and equity applies to both trade-marks and trade-names. In either case, such unfair conduct as is calculated to deceive the public into the belief that the business of the wrong doer is the business of him whose name, sign or mark is simulated or appropriated, constitutes the gist of the offense. 98

The use of any simulation of a trade-mark which is likely to induce common purchasers exercising ordinary care to buy the article to which such simulation is affixed in the belief that it is the product of the owner of the trade-mark, is unlawful and will be enjoined. 206

In determining the likelihood of deception arising from facts alleged to constitute unfair competition, account should be had of the character of the purchasers to whom the goods are sold. Where the goods are machines sold only to those skilled in a particular business, the likelihood of deception is diminished. 328

No inflexible rule can be laid down as to what will constitute unfair competition. It is a question of fact to be determined by the circumstances of the particular case, as affecting the likelihood of deception. 328

It is an infringement on a legally acquired trade-name to use in the same locality and in the same line of business, another name of an import so similar that ordinary attention would not disclose the difference between the two names. 195

It is not necessary to allege or prove actual fraud, where the imitation exists, nor need it be shown that persons have been actually deceived. The likelihood of deception is sufficient. 381

DIGEST

Where the acts of the defendant are likely to cause confusion between his goods and those of the plaintiff, evidence of successful deception is not necessary. 406

A manufacturer of links, of a size and design that adapts them to be used in connection with the links of another manufacturer to complete a bracelet, it is not liable to injunction where there is no evidence of effort to take advantage of the reputation of the earlier article. 414

The idea of making a bracelet in separate links, to be interchanged by friends and made into a bracelet when a sufficient number have been obtained, is not one that can be monopolized by one manufacturer in the absence of any patent protection thereof. The manufacture of similar links by a rival maker, who advertises the product as his own and does not seek to deceive the public as to its origin, affords no cause of action. 414

The mere deception of the public gives no private right of action. The fact that goods are wrongfully represented to the public by the misuse of a trade-mark as the product of another, gives the latter no right of action where his own business is not interfered with. 469

Evidence of actual deception of the purchasing public is not necessary where the imitation of the plaintiff's goods is such to warrant the court in concluding that this deception was intended and would result. 487

§ 6. *Damage.*

In a case of confusion of corporate names, where it is clear that the use of a name by a competitor will result in deception and damages to an earlier user of a similar name, it is not necessary to await either, before applying for an injunction. 46

If the court can see that confusion and deception are likely to result from the similarity of names, it will not refuse injunctive relief because actual damage has not been shown. 87

The basis of suits to enjoin the use of the complainant's name is the damage or possibility of damage to the complainant, not the damage or probability of damage to the public; fraudulent conduct on the part of the defendant is a necessary element, but fraudulent conduct without damage to the complainant does not suffice. 337

2. UNFAIRNESS IN COMPETITION.

§ 1. *Imitating Appearance of Article.*

Where the defendant attempted to purchase goods from the plaintiff
xlvi

and on failure to agree as to the price, began in Canada the manufacture of goods made by photographic reproduction in exact imitation of the plaintiff's goods, such acts constitute unfair competition and may be enjoined in a court of the United States. 383

While there can be no monopoly in the form, color or size of package, if the dress and appearance of goods are deliberately made so like those of other goods as to deceive the consumer and deprive the manufacturer of the latter goods of sales which he would have otherwise made, the wrong of unfair competition is established. 384

In a suit alleging unfair competition where it appears that defendant clearly and effectively distinguished its product from the plaintiff's product by the manner of dressing same, plaintiff is not entitled to relief. 537

§ 2. Imitating Structural Elements.

Where plaintiff has manufactured and sold a mechanical toy, the manufacture by defendant of a toy of like character so made that the parts and units are interchangeable with those of plaintiff's toy and that these parts and units are distinguishable from those of the plaintiff only by careful comparison, the imitation of the box in which the goods are packed and the copying of the plaintiff's manual accompanying same, together with the sale of defendant's toy at a less price to the dealer, constitute unfair competition. 487

Any manufacturer has a right to imitate the structural features of an appliance, the manufacture of which is open to him, but imitation of non-functional features, such as color or decorations, tending to cause confusion, should be enjoined. 406

§ 3. Imitating Packages and Containers of Goods.

See, also III, 2, § 2.

Where it appears from an inspection of the labels that the defendant intentionally subordinated the dissimilarities of its package, so that purchasers would be deceived into buying its goods for those of the plaintiff, there is no basis for a motion to dismiss a bill charging the defendant with palming off his goods for those of the plaintiff. 61

Where the defendants packed their goods in boxes which closely imitate the boxes of the plaintiff in size, color, color of markings, use of coat of arms, identity and location of seal, use of the words "New York" and the name of the maker, an injunction should issue. 94

DIGEST

Where the circumstances are such that the cartons used by the plaintiff do not come into the hands of the consumer, difference between the cartons of the plaintiff and those of the defendant are immaterial. The important question is then that of confusion between the goods themselves. 406

Recharging and reselling acetylene gas tanks, well known to the public under a certain trade-mark, will be enjoined as unfair competition, unless the trade-mark is completely and permanently obliterated. Covering it with black paint is sufficient obliteration. 451

§ 5. *Imitating Color.*

Any manufacturer has a right to imitate the structural features of an appliance, the manufacture of which is open to him, but imitation of non-functional features, such as color or decoration, tending to cause confusion, should be enjoined. 406

§ 6. *Trade and Corporate Names.*

a. *Personal.*

Where one of the incorporators of a business to which his name is given is the founder and former owner of a similar business, in which his surname has acquired fame, the form of the name of the later corporation must be such as to render it easily distinguishable from that of the earlier business. 94

The proprietor of a particular vaudeville act which has been identified for five years by the use of the name "Mercedes," may restrain the use of that name in connection with another similar vaudeville act, even though the leading actress therein whose name is "Mercedes" was formerly connected with the original act and gave it the name. 329

Defendant is entitled to represent, by advertising and otherwise that its product is the only one made by a Knabe or a living Knabe, provided the fact is also stated that defendant has no connection with the original manufacturers or their successors. Nor should defendant be restrained from asserting that its product is of Knabe quality when accompanied by such unmistakable disclaimer of origin of manufacture as to preclude confusion. 191

Where, in the sale of a business, there is no restriction of the rights of the vendors to enter into the same business and to employ their name in connection therewith, either individually or as a part of a corporate name, the vendors are justified in so doing, provided they do not employ the

trade-marks of the purchaser or invade the good-will of his business, since the purchaser did not obtain either by common law or by registration under the statute, exclusive rights in the use of the family name. 180

Where the name "Howard," when used in connection with pianos, has come to indicate that they are the product of the plaintiff, the defendant may not use the same name without prefix or suffix, particularly since the plaintiff registered the name as a trade-mark with the knowledge and acquiescence of R. S. Howard, under whom the defendant claims. 535

The use of the name "Wertheim" upon a watch, printed in a form of lettering long associated with the name "Waltham" upon watches, leads to deception and is unfair competition. 481

The right to use one's name in connection with the sale of a commodity cannot be gainsaid, and this regardless of the circumstances that such user incidently may injuriously affect a competitor with a similar name, whose wares under his name had theretofore acquired a reputation of great value. But a person may not abuse this right by the employment of methods calculated or designed to deceive the public respecting the identity of the article produced and sold by him, so as to induce the belief that it is the well known production of another having a similar name. 274

A dealer in chocolates enjoined from selling the product of Louis Repetti, Inc., in boxes bearing the words "Read the Story of Louis Repetti." 343

The organizer of a corporation to which he gave his own name does not, upon the severance of his connection with the company, part with any of his rights to the use of his name, in the absence of a specific contract to that effect. The right to use one's own name is limited only by the obligation so to use it as not to represent one business, or an article of one manufacturer, as that of another. 328

b. Corporate.

A corporation which for a long period of time, has conducted its business and become known to the trade by a certain name, is entitled to protection against the incorporation of, and competition from a rival, under a name so similar as to be likely to mislead the public. 46

Where, in a suit for unfair competition, there was shown to be considerable confusion in the proper distribution of mail which is defectively addressed, it should be delivered to the elder institution, where it shall be

DIGEST

opened in the presence of a representative of the younger institution, so that both parties may be advised of the contents. In the event of a dispute, application may be made to the court for possession of the letters in dispute. 114

Where, in a suit for unfair competition, the two parties have very similar corporate names, the organization by persons interested in the plaintiff, of a subsidiary corporation with a third very similar name, to act as selling agent for goods manufactured to compete with those of the defendant and to receive mail defectively addressed to either of the parties in the suit, should be restrained. 114

Two companies located in the same city and manufacturing different classes of agricultural implements were both founded by the same man, whose name was made by him a part of the corporate name of each. When one company so broadened its field of manufacture as to include goods similar to those manufactured by the other, the later company may use its corporate name upon these goods, only when accompanied by a conspicuous statement, that such goods are not made by the other and earlier manufacturer. 114

The adoption by the defendant of a corporate name which differed from that of the plaintiff only in addition of the words "New York," together with the copying of the plaintiff's annual book and forms, none of which was necessary in conducting the business, constitutes infringement and unfair competition. 46

The fact that the distinctive and similar features of both plaintiff's and defendant's names consist of a combination of geographical names, does not deprive the plaintiff of the right to protection. The trade-name "German-American Hand Crochet Button Works" is so similar to "German-American Button Co." as to induce confusion in the trade and the possible deceit of the purchasing public. 87

Where an individual or corporation has established a business and carried it on under a trade-name, and another person assumes the same or a similar name, in such a way as to induce persons to deal with him in the belief that he is dealing with the person or corporation who has given a reputation to the name, an injunction may issue. The use of the name "Broadway Little Hungary" for a restaurant should be enjoined on the suit of the originator of the name "Little Hungary" for a similar enterprise. 98

A right may be acquired to a name under which a business has been carried on and such name will be protected against infringement by another, who assumes it for the purpose of deception, or even uses it innocently to the detriment of the original appropriator. 99

Defendant held entitled to use its corporate name upon the fallboards of its pianos, accompanied by a legible notice affixed to the cheek-block, in black letters upon a white background, which shall be readily legible and shall state the relationship between the plaintiff and defendant's predecessors. This notice to be used in connection with the more verbose one inside the piano. 181

c. Secondary.

The word "Nevermiss" as applied to spark gaps is so similar to the word "Notamiss" applied to the same goods, that its use constitutes unfair competition and should be restrained. 108

The use on a spurious article of a name that has become public property is not unfair competition against the manufacturer of genuine goods. The sale as "linoleum" of an article which is not properly so described cannot be enjoined by the maker of the genuine article unless it be shown that the spurious article has been misrepresented, otherwise than by the use of the name, to be the product of the manufacturer of the genuine article. 370

If a would-be trade-mark loses its protection as such that means that the public has a right to use it and it would be strange to bring the protection back simply by giving it another name. Nevertheless if the label bearing the trade-mark is deceptively imitated, such imitation may be enjoined. 103

It is an infringement on a legally acquired trade-name to use in the same locality and in the same line of business, another name of an import so similar that ordinary attention would not disclose the difference between the two names. 195

Where, in a suit for infringement of a registered trade-mark, the mark as used by the plaintiff held out to the public as registered precisely the element which the patent office had rejected, the plaintiff is not in a position to obtain relief and the liability of the defendant, if such exists, must be predicated upon grounds of unfair competition. 103

When the term "Rubberset" has acquired a secondary meaning as goods of a particular manufacture, a rival manufacturer will be enjoined from

DIGEST

using the words "Set in Rubber" in such a way as is likely to deceive the public as to the origin of the goods. This extends to the marking of the brushes upon the ferrule, as the plaintiff has done, or elsewhere than upon the handle, where the words must be accompanied with the full name of the manufacturer, and when used in display matter or upon the labels, the words must be accompanied with the statement that the brushes are not manufactured by the Rubberset Company. 357

Plaintiff made and sold a roof paint under the name "Roof Leak." It made and sold to the defendant a roof paint which, by consent, was called "Never Leak" and bore the name of a fictitious manufacturer, in order to conceal from the public the fact that it was of plaintiff's make. The defendant, having later procured the product from another manufacturer and sold it under the name "Never Leak," is not chargeable with unfair competition against the plaintiff. Plaintiff cannot complain of a method of doing business which was adopted at its instance and for the purpose of concealing the origin of the goods to which it related. 345

The proprietor of a play may enjoin the presentation of a photo play under the same title, although it is not claimed that the stories are in any way similar. It is clear that competition may exist between a play and a photo play with resulting damage to the former. 423

§ 7. *Descriptive Terms.*

A word or mark which is descriptive of the character or quality of the goods upon which it is applied, is entitled to protection from imitation or appropriation through use in connection with like goods by another, provided it has acquired a secondary meaning, indicating origin and ownership of the articles to which it was originally applied. 42

Where plaintiff used on its label a laudatory description of his goods which originated with plaintiff, and defendant used this same address on his labels, such unfair competition should be restrained. 191

A manufacturer of repair parts may use the private stock markings employed on these same parts by the manufacturer of the original machine to designate quality, size or style; but it is his duty to see that purchasers are fully notified that such parts are not made by the original manufacturers. 553

§ 8. *Geographical Terms.*

The fact that the distinctive and similar features of both plaintiff's and defendant's names consist of a combination of geographical names,

does not deprive the plaintiff of the right to protection. The trade-name "German-American Hand Crochet Button Works" is so similar to "German-American Button Co." as to induce confusion in the trade and the possible deceit of the purchasing public. 87

§ 9. *Name of Patented Articles.*

The patents, under which the plaintiff and its predecessors manufactured a valve, having expired, the generic term identifying the thing patented has become public property. But another manufacturer who makes and sells the valve under the generic name must so distinguish his product as unmistakably to inform the public that the thing manufactured by him is not the product of the original maker. 53

The name "Neverleak" applied during the life of the patent to a "Tire Fluid," the composition of which is secret but the use of which in a pneumatic tire is protected by a basic patent, does not become public property upon the expiration of the patent, because the "Tire Fluid" was never patented. Anyone was free to manufacture a "Tire Fluid" during the life of the patent and even to manufacture the one to which the name was applied, if they could discover the formula. The name, therefore, merely indicates the specific "Tire Fluid" manufactured by the maker using that name and is the subject of a valid trade-mark right. 61

§ 10. *Advertising.*

Two companies located in the same city and manufacturing different classes of agricultural implements were both founded by the same man whose name was made by him a part of the corporate name of each. When one company broadened its field of manufacture so as to include goods similar to those manufactured by the other, the later company may use its corporate name or that portion of its corporate name which is common to both concerns, in its advertising, catalogues and other printed matter referring to the goods made by both companies, only when accompanied by a conspicuous statement that such goods are not made by the other and earlier manufacturer, even though a new and arbitrary name is selected by the later manufacturer to distinguish his goods. 114

The use of similar words and figures as signs upon defendant's show windows is unfair competition and amounts to a false representation that the goods offered by the defendant are of the plaintiff's manufacture. 109

Where the effect of a decree of dismissal has been misrepresented in the advertising of both parties, neither party has any claim to temporary relief by injunction. 67

DIGEST

Where one of the incorporators of a business to which his name is given is the founder and former owner of a similar business, in which his name has acquired fame, the later corporation may be restrained by injunction from making any representation by sign or speech that its goods are the product of "R-," or of the "Original R-," or of the "Famous R-." 94

Where in a suit alleging infringement of a patent, circulars sent out by the plaintiff suppressed information as to the effect and limits of an interlocutory decree and were intended to effect the defendant's trade, and to secure unfairly the business of the defendant's customers, although the letters contained no false representations as to the scope of the decree, the plaintiff will be restrained from making any representations as to the decree without definitely informing the defendant's customers of the character of the infringement. 359

Where defendant circularized the trade before the expiration of the plaintiff's patent and by resorting to statements which verge upon false representations urged plaintiff's customers to refrain from purchasing from plaintiff, such letters constitute unfair competition. 361

The use of a sign upon a shoe repair shop, which was calculated to cause the public to believe that the shop is that of the plaintiff, is unfair competition and should be enjoined. 381

Where the defendant has been guilty of improper advertising, the plaintiff should be forbidden to advertise a decree in his favor at the peril of losing the benefit of the decree. 406

§11. *Other Instances.*

When plaintiff has established a business system peculiarly its own at great expense of time, thought, labor and money, it acquires therein a property right of which the defendant cannot deprive it by introducing his goods into and as a part of the plaintiff's system. 487

When a manufacturer of a beverage sells in bulk a syrup for making the beverage and also puts the beverage up in bottles, the latter bearing a distinctive trade-mark, one who purchases the syrup in bulk and manufactures a beverage therefrom which he bottles and to which he affixes the manufacturer's distinctive labels is guilty of unfair competition. 507

Where the plaintiff's beverage, Coca Cola, has come to be known under the nicknames "Koke" and "Dope," the use of these names in the sale of a rival preparation is unfair competition. 349

An employee of the plaintiff who manufactured a patented article, was dismissed shortly before the expiration of the patent, and was employed by the defendant, a competitor. It was not unfair competition for this employee to solicit business for defendant from plaintiff's customers by the usual means. 561

3. SUITS FOR UNFAIR COMPETITION.

§ 1. *Jurisdiction.*

In a suit alleging infringement of a registered trade-mark and unfair competition, where the United States district court had jurisdiction over the parties for the purpose of enjoining the infringement, it also has jurisdiction to restrain all wrongful acts done in connection with the infringement which augment and aggravate the wrong. 191

A federal court of equity is not without jurisdiction to render a decree for an injunction against continuing trespass, where threatened irreparable injury is shown, by the mere fact that no proof has been made of the specific amount of the injury. 553

§ 2. *Parties and Liability.*

The defendants in a suit for unfair competition are directly responsible when they place in the hands of retail dealers the means and the instrumentalities by which the ultimate purchaser may be deceived. 94

The proprietor of a newspaper which publishes an advertisement illustrating one article, but advertising and offering for sale another and different article, is not liable in damages, unless special damages be shown in the loss of specific customers, who were led to purchase the goods of another, believing by reason of the use of the illustration that they were the plaintiff's. 387

§ 3. *Pleading and Practice.*

Where a bill in a suit for infringement of a trade-mark and unfair competition has been dismissed, a counterclaim for relief in equity arising out of the same transaction is not affected by the dismissal of the bill, but may be prosecuted in spite of such dismissal. 67

Unfair competition in trade is cognizable in a court of equity, because of its essentially fraudulent character, and the presumption is that the law in the foreign countries where any part of the fraudulent business was carried on, is the same as our own. 233

DIGEST

Where the parties have stipulated to the entry of a decree, the decree should not be disturbed except upon the showing of a defense to the merits, such that the refusal to reopen would be denial of justice. 523

Since it is the complainant who is to be protected in suits to enjoin the use of his name, he must come into court with clean hands. 337

§ 4. *Evidence.*

Where the defendant who was unable to secure an agency for the distribution of the plaintiff's flour in a certain territory, contracted with another manufacturer to sell its flour in the same territory under the same trade-mark and in packages so closely resembling plaintiff's as to deceive purchasers, even though the name of the latter manufacturer was not concealed, the circumstances indicate a fraudulent intent to palm off the flour of the latter manufacturer as that of the former, the reputation of which has been well established, and the plaintiff is entitled to a restraining injunction irrespective of any claim by the defendant of affirmative trade-mark rights in that territory. 140

Where the plaintiff claimed that certain descriptive words had acquired a secondary meaning, the burden of proof was upon him to show the fact. Testimony of persons in the employ of plaintiff, who called for the product at retail stores by name and were given plaintiff's goods, is of little weight. 537

Evidence that defendant's sales increased with slight expense for advertising, does not establish unfair competition; neither does the earlier and unsuccessful use by defendant of another name for its product, and its subsequent adoption of the name complained of. 537

In a suit alleging unfair competition, it cannot be inferred without evidence that retail hat stores draw trade from towns sixteen, forty-five and seventy-three miles distant from the stores. 266

§ 6. *Relief.*

a. *Injunction.*

Scope of injunction determined. 483

To justify an injunction which would operate as restraint in the mercantile field, the case must be unmistakably clear and beyond question. 404

The form of notice which the defendant is required to affix to its pianos to distinguish them from the complainant, pursuant to a decision of an earlier date, considered and determined. 298

Injunction denied to restrain further prosecution of proceeding for cancellation in the patent office. Whether the court has the power to do so queried. 310

To warrant the denial of a preliminary injunction, the court need not pass upon the merits of the case. If the facts are clearly in dispute, a preliminary injunction is properly denied. 536

The defendant has been restrained by an injunction from manufacturing, issuing or using a cigarette box or container red in color with a white border on the edges and containing any design, coat of arms, monogram, word or words resembling those on the container used by the plaintiff in the sale of its cigarettes. The defendant manufactured and used a box red in color and with a white border, but this box did not contain any design, coat of arms, monogram or words similar to those used upon the boxes of the plaintiff. The defendant held not guilty of violation of the injunction. 112

Where the plaintiff has established a trade-name which is not strictly a trade-mark, as indicating that goods bearing it are put on the market by him, he is entitled to protection against unfair competition in its use by others only within the territorial boundaries where he has established his trade-name by actual commercial transactions and not outside that territory. 266

A corporation which has used a mark on flour since 1872 in Ohio, Pennsylvania and Massachusetts, *held* not entitled to enjoin the use of the same mark on the same goods by one who has used the mark in good faith, though only since 1886, in Alabama, Mississippi, Georgia and Florida and has never encroached upon the plaintiff's territory. 149

Since the warning notice used by the defendant was placed inside the piano, the court was justified in requiring that a further notice be placed on the outside. But a mere plate with finely inscribed lines which stated that the piano was "not an original Knabe" or "not a Knabe" tended to discredit the defendant's product and went beyond the relief to which the plaintiff was entitled. 180

A right may be acquired to a name under which a business has been carried on and such name will be protected against infringement by another, who assumes it for the purpose of deception, or even uses it innocently to the detriment of the original appropriator. 99

DIGEST

Where an individual or corporation has established a business and carried it on under a trade-name, and another person assumes the same or a similar name, in such a way as to induce persons to deal with him in the belief that he is dealing with the person or corporation who has given a reputation to the name, an injunction may issue. 98

If the court can see that confusion and deception are likely to result from the similarity of names, it will not refuse injunctive relief, because actual damage has not been shown. 87

In a suit for unfair competition, the plaintiff's right to an injunction does not depend upon the intent with which defendant's name was adopted. 87

Where the effect of a decree of dismissal has been misrepresented in the advertising of both parties, neither party has any claim to temporary relief by injunction. 67

In a case of confusion of corporate names, where it is clear that the use of a name by a competitor will result in deception and damages to an earlier user of a similar name, it is not necessary to await either, before applying for an injunction. 46

b. Accounting of Profits.

Where in a suit for unfair competition, resulting from the use after notice, of an infringing label, the goods were different in character, were called by a different name, were sold mainly in different places and to parties not likely to be deceived and where there is no evidence of deceit or substitution in fact, the plaintiff is not entitled to an accounting of profits. 103

To recover damages, the party must not only show that he was damaged, but also the amount of the damage. Where there are no indications from which damages may be computed, no accounting can be had. 561

Where an injunction is granted against the further production of a film under the same name as a play and evidence of damage is offered, an accounting is properly decreed. 423

Even though it was unfair for the defendant to continue to use, after notice, a label similar to that of the plaintiff, it does not follow that the defendant is chargeable with profits as a matter of course. 103

Where the defendant has infringed plaintiff's registered trade-mark and competed unfairly, plaintiff held entitled to an accounting of profits from date of filing of original bill. 191

Rule 63 requiring the accounting party to state an account, calls only for results and not for the evidence upon which the account is based. The accounting party cannot be required to incorporate in his account evidence or sources of evidence from which a different account might be stated. The adverse party may, if he chooses, go into such an inquiry in accordance with the ordinary rules of evidence. 518

The accounting party need not furnish to his adversary the name and addresses of his customers. If such names and addresses are necessarily disclosed as incident to the admission of evidence properly required, such disclosure would be unavoidable. 518

c. Damages.

To recover damages, the party must not only show that he was damaged, but also the amount of the damage. Where there are no indications from which damages may be computed, no accounting can be had. 561

d. Costs.

In a case of honest trade differences, where the defendant has not intentionally trespassed upon the rights of the plaintiff, the latter should not recover costs. 406

§ 7. *Laches.*

The plaintiff's failure during two years to sue is not such laches as will bar his right to an injunction. 496

Constant and continuing use of unfair methods of competition persisted in against the objection of the party injured, neither deprive the victim of his equitable right to an injunction, nor confer upon the trespasser any right to perpetuate them. 553

§ 8. *Dismissal.*

See, also, III, 1, § 4.

Where, in a suit alleging unfair competition, no present or prospective confusion of products is shown, the bill should be dismissed. 250

TABLE OF CASES

KEY.

U. S. Sup.	United States Supreme Court.
U. S. C. C. A.	United States Circuit Court of Appeals.
U. S. D. C.	United States District Court.
U. S. C. C.	United States Circuit Court.
Pat. Off.	United States Patent Office.
D. C. App.	Court of Appeals District of Columbia.
Ala. Sup.	Alabama Supreme Court.
Cal. D. C. App.	California District Court of Appeals.
Ga. Sup.	Georgia Supreme Court.
Ia. Sup.	Iowa Supreme Court.
Ind. App.	Indiana Appellate Court.
Ky. App.	Kentucky Court of Appeals.
Mass. Sup. Jud.	Supreme Judicial Court of Massachusetts.
Md. Cir.	Maryland Circuit Court.
Mich. Cir.	Michigan Circuit Court.
Neb. Sup.	Nebraska Supreme Court.
N. J. Sup.	New Jersey Supreme Court.
N. J. E. A.	New Jersey Court of Errors and Appeals.
N. Y. Sup.	New York Supreme Court.
N. Y. App.	New York Court of Appeals.
N. Y. A. D.	New York Supreme Court, Appellate Division.
Wis. Sup.	Wisconsin Supreme Court.

	Page
A. & A. Rubber Co., ex parte (Pat. Off.)	592
Acme Milling Co., ex parte (Pat. Off.)	144
Adams-Jewel Co., ex parte (Pat. Off.)	587
Allen v. Walker & Gibson (U. S. D. C.)	496
Allen & Wheeler Co. v. Hanover Star Milling Co. (U. S. Sup.)	149
Aluminum Cooking Utensil Co. v. National Aluminum Works (U. S. D. C.)	42
Amalgamated Press, Ltd. v. Amalgamated Press, Inc., <i>et al</i> (N. Y. Sup.)	93
American Cyanamid Co., ex parte (Pat. Off.)	597
American Piano Co. v. Knabe Bros. Co. (U. S. C. C. A.)	180
American Sanitary Corporation, ex parte (Pat. Off.)	393

SIX TRADE-MARK REPORTER

	Page
American Specialty Co. v. Collis Co. (U. S. D. C.)	561
American Type Founders Co., ex parte (Pat. Off.)	600
Anderson & Company, ex parte (Pat. Off.)	445
Armstrong Cork Co., ex parte (Pat. Off.)	390
Armstrong Cork Co. v. Ringwalt Linoleum Works (U. S. D. C.)....	570
Asbestos Shingle Slate & Sheathing Co. v. Carey Mfg. Co. (Pat. Off.).	989
Aunt Jemima Company v. Rigney & Co. (U. S. D. C.)	469
Baldwin Piano Co. v. R. S. Howard Co. (U. S. D. C.)	310, 469
Baldwin Piano Co. v. R. S. Howard Co. (U. S. C. C. A.)	535
Bancroft v. Daniels, Cornell & Co. (Pat. Off.)	436
Barger, Baynes & Munn, ex parte (Pat. Off.)	587
Barrett Manufacturing Co., ex parte (Pat. Off.)	585
Barrie v. Barclay & Barclay (Pat. Off.)	434, 438, 447
Basket Stores of Lincoln v. Allen (Neb. Sup.)	195
Block Bros. Clothing Co., ex parte (Pat. Off.)	144
Boston Shoe Shop v. McBroom Shoe Shop (Ala. Sup.)	381
Bouer Co., ex parte (Pat. Off.)	146
Bowers Rubber Works v. New York Leather Belting Co. (Pat. Off.).	987
Buffalo Specialty Co. v. Van Cleef, <i>et al</i> (U. S. C. C. A.).....	61
Buffalo Specialty Co. v. Van Cleef, <i>et al</i> (U. S. D. C.).....	67
Bunte Bros. v. Woolfolk Coffee Co. (Pat. Off.).....	446
Burrell & Co. v. Simplex Electric Heating Co. (D. C. App.).....	936
Butler, Inc., ex parte (Pat. Off.)	588
Butler-Butler, Inc., v. Marcoglou, <i>in re</i> American Tobacco Co. (N. Y. A. D.)	119
Carroll v. Duluth Superior Milling Company (U. S. C. C. A.).....	395
Case Plow Works v. Case Threshing Machine Co., <i>et al</i> (Wis. Sup.)..	113
Candee & Co., ex parte (Pat. Off.)	986
Canton Culvert & Silo Co. v. Consolidated Car-Heating Co., (D. C. App.)	980
Chamberland Co., <i>in re</i> (Pat. Off.)	146
Champion Spark Plug Co. v. Benford Mfg. Co. (U. S. D. C.).....	406
Champion Spark Plug Co. v. Mosler & Co. (U. S. D. C.).....	406
Chapin-Sacks Mfg. Co. v. Hendler Creamery Co. (U. S. D. C.).....	319
Charles Williams Stores, Inc., ex parte (Pat. Off.)	439
Churchill & Alden Co., ex parte (Pat. Off.)	433
Coca-Cola Co. v. J. C. Butler & Sons (U. S. D. C.)	906
Coca-Cola Co. v. Koke Co. of America, <i>et al</i> (U. S. D. C.)	349
Commonwealth v. Goldburg (Ky. App.)	73
Crocker Grocer Co. v. Acme Mills (Pat. Off.)	145
Crowley Milner & Co., ex parte (Pat. Off.)	595

TABLE OF CASES

	Page
Cumner-Jones Company, ex parte (Pat. Off.)	446
Cushman, William Cruger, ex parte (Pat. Off.)	284
Cushman & Denison Mfg. Co. v. L. F. Grammes & Sons (U. S. D. C.)	518, 522
Danbury Hat Co., ex parte (Pat. Off.)	241
Daniel v. Electric Hose & Rubber Co. (U. S. C. C. A.)	289
Deister Concentrator Co. v. Deister Machine Co. (Ind. App.)	328
Dental & Toilet Products Corporation, ex parte (Pat. Off.)	391
Dickey v. Mutual Film Corporation, <i>et al</i> (N. Y. Sup.)	423
Dodge, M. Hartley, ex parte (Pat. Off.)	391
Dowd & Co., ex parte (Pat. Off.)	263
Durable Wire Rope Co., ex parte (Pat. Off.)	241
Edgett-Burnham Co., ex parte (Pat. Off.)	391
Ehret Roofing & Mfg. Co. v. Warren-Ehret Co. (Pat. Off.)	600
Eisenstadt Mfg. Co. v. J. M. Fisher Co. (U. S. D. C.)	414
Fairchild & Shelton Co. v. B. Heller & Co. (Pat. Off.)	432, 440, 447
Falsan v. Adair (Ga. Sup.)	199
Fay, Horace A., ex parte (Pat. Off.)	393
Ferguson, ex parte (Pat. Off.)	443
Field & Co., Marshall v. George S. Kelley Co. (U. S. D. C.)	404
Fisk Rubber Co., ex parte (Pat. Off.)	146, 287
Fleming Bros., ex parte (Pat. Off.)	284
Fransuolo, <i>et al</i> v. Prest-O-Lite Company (U. S. C. C. A.)	451
Gaines & Co. v. Rock Springs Distilling Co. (U. S. C. C. A.)	10
German-American Button Co. v. Heymsfeld, Inc., <i>et al</i> (N. Y. A. D.)	87
German Journal Corporation, ex parte (Pat. Off.)	390
Ginsberg & Bro., ex parte (Pat. Off.)	594
Globe Shoe Store, Inc., ex parte (Pat. Off.)	601
Goldberg, Bowen & Co. v. Grierson, Oldham & Co., Ltd. (Pat. Off.) ..	439
Goldsmith Silver Co. v. Llewellyn W. Savage (U. S. C. C. A.)	3
Goodale Worsted Co., ex parte (Pat. Off.)	433
Goodrich Co., ex parte (Pat. Off.)	597
Goodrich Drug Co. v. Cassada Mfg. Co. (Pat. Off.)	444
Great Bear Spring Co. v. Fulton Water Works Co. v. Bear Lithia Springs Co. (D. C. App.)	430
Great Bear Spring Co. v. Fulton Water Works v. Bear Lithia Springs Co. (Pat. Off.)	442
Grennell Willis & Co., ex parte (Pat. Off.)	436

SIX TRADE-MARK REPORTER

	Page
Gretsch Mfg. Co. v. Michael E. Schoening and Dudley Field Malone, the latter Collector of the Port of New York (U. S. D. C.).....	324
Hamilton Brown Shoe Co. v. Wolf Bros. & Co. (U. S. Sup.).....	169
Hanover Star Milling Co. v. D. D. Metcalf (U. S. Sup.).....	149
Herbst, in re (D. C. App.)	137
Hercules Powder Co., ex parte (Pat. Off.)	242
Hessel, I., ex parte (Pat. Off.)	431
Heuch & Dromgold Co., ex parte (Pat. Off.)	243
Hoberg Co. v. Albany P. W. P. Co. (Pat. Off.)	603
Howard v. Lovett, <i>et al</i> (Mich. Cir.)	229
Howard Co. v. Baldwin Co. (Pat. Off.)	147
Howard Dustless Duster Company v. L. Clinton Carleton <i>et al</i> (U. S. D. C.)	465
Huff v. Wallace (N. J. Sup.)	270
Hungerford Smith Company, ex parte (Pat. Off.)	443
Initial Co. v. Reis & Bro. (Pat. Off.)	244
Innovation Ingenuites, Inc. v. New York Times Co. (N. Y. App.)....	387
International Shoe Co. v. Kaut-Reith Shoe Co. (Pat. Off.)	246
Jacoway v. Young, <i>et al</i> (U. S. C. C. A.)	191
Jenkins Bros. v. Kelly & Jones Co. (U. S. C. C. A.)	53
Juergens & Anderson Co., ex parte (Pat. Off.)	393
Kansas Milling Co., ex parte (Pat. Off.)	591
Kaufman v. Kaufman, <i>et al</i> (Mass. Sup. Jud.)	266
Kehlor Flour Mills Co., ex parte (Pat. Off.)	441
Keith Co. v. Louis Diamond (N. Y. Sup.)	109
Kellogg Toasted Corn Flake Co. v. Quaker Oats Co. (U. S. C. C. A.)	537
Kerr Adjustable Strap Co., ex parte (Pat. Off.)	144
Keystone Bottlers Supply Co., ex parte (Pat. Off.)	450
Knabe Bros Co. v. American Piano Co. (U. S. C. C. A.)	180, 298
Krehbiel-Metsler Roach Butter Co., ex parte (Pat. Off.)	393
Latows Specialty Co., ex parte (Pat. Off.)	246
Lautz Bros. & Co. v. John T. Stanley Co., Inc. (Pat. Off.)	448
Lewis Oyster Co., ex parte (Pat. Off.)	602
Limestone Phosphate Co., ex parte (Pat. Off.)	240
Loft, ex parte (Pat. Off.)	434
McCaskey Register Co., ex parte (Pat. Off.)	146
Mallison, ex parte (Pat. Off.)	243
Mansfield Tire & Rubber Co. v. Ford Motor Co. (D. C. App.).....	141

TABLE OF CASES

	Page
Marshall Field & Co. v. George S. Kelley Co. (U. S. C. C. A.).....	404
Material Men's Mercantile Association, Ltd. v. New York Material Men's Mercantile Association, Inc. (N. Y. A. D.)	46
Meccano, Ltd. v. Wagner, <i>et al</i> (U. S. D. C.)	487
Meehan, ex parte (Pat. Off.)	390
Meinecke & Co., ex parte (Pat. Off.)	144, 586
Minor & Son, ex parte (Pat. Off.)	444
Mobile Transfer Co. <i>et al</i> v. Schwarz (Ala. Sup.)	259
Modern Flour Mills v. Charles Tiedemann Milling Co. (Pat. Off.)....	439
Moline Plow Co. v. Omaha Iron Store Co. (U. S. C. C. A.)	553
Molt, Fred, ex parte (Pat. Off.)	392
Montana Flour Mills Co., ex parte (Pat. Off.)	432
Moore v. Novelty Candy Co. v. Dolly Varden Chocolate Co. (Pat. Off.)	291
Morris, <i>et al</i> v. Altstedter (N. Y. Sup.)	233
Munn & Co. v. Americana Co., <i>et al</i> (N. J. E. A.)	337
Myer & Co. v. Roggen Bros. & Co. (Pat. Off.)	148
Myers Lye Co. v. Sinclair Mfg. Co. (Pat. Off.)	440, 448
Nairn Linoleum Co. v. Ringwalt Linoleum Works (Pat. Off.)	447
National Chemical Co. of California, ex parte (Pat. Off.).....	283
National Grocer Co. v. Steinwender-Stoffregen Coffee Co. (Pat. Off.).	148
National Papetrie Co., ex parte (Pat. Off.)	145, 441
Nestle & Anglo-Swiss Condensed Milk Co. and Borden's Condensed Milk Co. v. Holland Food Corporation (D. C. App.)	244, 483
Never-Stretch Mattress Co., ex parte (Pat. Off.)	586
Nopn Mfg. Co., ex parte (Pat. Off.)	244
Northwestern Expanded Metal Co., ex parte (Pat. Off.)	588
Notaseme Hosiery Co., ex parte (Pat. Off.)	144, 146
Notaseme Hosiery Co. v. R. H. Macy & Co. (U. S. Sup.).....	103
Notaseme Hosiery Co. v. Straus, <i>et al</i> (U. S. D. C.)	254
No-Vary Products Co., ex parte (Pat. Off.)	241
O'Donnell, Inc., <i>et al</i> v. Riscal Mfg. Co., <i>et al</i> (U. S. D. C.)	108
Ohio Suspender Co., ex parte (Pat. Off.)	596
Old File Cutlery Co., ex parte (Pat. Off.)	585
Old Lexington Club Distilling Co. v. Kentucky Distilleries & Ware- house Co. (U. S. C. C.)	454
Old Lexington Club Distilling Co. v. Kentucky Distilleries & Ware- house Co. (U. S. D. C.)	457
Omaha Iron Store Co. v. Moline Plow Co. (U. S. C. C. A.)	553
Onelda Knitting Co. v. Watson-Glasgow Hosiery Co. (Pat. Off.)	480
Owen Oil Co., ex parte (Pat. Off.)	145

SIX TRADE-MARK REPORTER

	Page
Packard Motor Co., ex parte (Pat. Off.)	589
Paramount Knitting Co. v. Par-Amount Shirt Shops, Inc. (Pat. Off.) ..	435
Patterson-Allen Engineering Co., ex parte (Pat. Off.)	246
Pearson v. Leeming (Pat. Off.)	245
Pelton, George E., ex parte (Pat. Off.)	390
Peninsular Chemical Co. v. Levinson, <i>et al</i> (U. S. D. C.)	370
Penn Grains & Feed Co., ex parte (Pat. Off.)	244
Pennsylvania Rubber Co. v. Dreadnaught Tire & Rubber Co., (U. S. C. C. A.)	250
Piston Ring Co. v. Sta-Tite Packing Ring Co., (Pat. Off.)	147
Pons y Cia., S. en C. v. Turro y Cia., S. en C. (Pat. Off.)	591
Poor Co., Charles L., ex parte (Pat. Off.)	433
Popular Mechanics Co. v. Everyday Mechanics Co. (Pat. Off.)	595
President Suspender Co. v. H. J. Macwilliam (Pat. Off.)	240
President Suspender Co. v. Hugh G. Macwilliam (U. S. D. C.)	303
Protexwel Mfg. Corporation, ex parte (Pat. Off.)	589
Rectanus Co. v. United Drug Co. (U. S. C. C. A.)	98
Red Seal Oil Co., ex parte (Pat. Off.)	282, 447
Repetti v. Adams-Flanigan Co. (N. Y. Sup.)	343
Repetti v. Louis Repetti, Inc. <i>et al</i> (N. Y. Sup.)	94
Rohrbaugh, Israel J., ex parte (Pat. Off.)	394
Rollman Mfg. Co. v. Universal Hardware Works (U. S. D. C.)	252
Royal Milling Co. v. J. F. Imbs Milling Co. (D. C. App.)	142
Royal Tailors v. J. M. Robinson, Norton & Co. (D. C. App.)	341
Rubber & Celluloid Harness Trimming Co. v. F. W. Devoe & C. T. Raynolds Co. (U. S. D. C.)	357
Ruckheim Bros. & Eckstein v. Texas Gum Co. (Pat. Off.)	282
Schierling v. Schulze Baking Co. (Pat. Off.)	288
Schinasi, <i>et al</i> v. Schinasi, <i>et al</i> (N. Y. Sup.)	274
Schull-Day Mfg. Co. v. Levy Overall Mfg. Co. (Pat. Off.)	145
Schull-Day Company v. Levy Overall Manufacturing Co. (D. C. App.) ..	484
Schulze Baking Co. v. Ralph L. Nahsiger (Pat. Off.)	440
Schwartz v. Melorwitz (N. Y. Sup.)	98
Sears-Roebuck & Co. v. Elliott Varnish Co. (U. S. C. C. A.)	345
Sexton & Co., ex parte (Pat. Off.)	283
Sharer, John C., ex parte (Pat. Off.)	392
Shaw Livery Co., ex parte (Pat. Off.)	438
Sherwin Williams Co. v. Flint Varnish Works (Pat. Off.)	441
Silverstein Brothers, ex parte (Pat. Off.)	392, 586
Simplex Electric Heating Co. v. The Ramey Co. (Pat. Off.)	574
Sinsheimer Bros. & Co., ex parte (Pat. Off.)	284

TABLE OF CASES

	Page
Sioux City Robe & Tanning Co. v. Sears (Ia. Sup.)	262
Smith Co. v. Golden Grain Juice Co. (Pat. Off.)	599
Sparks Drilling Jar Co., ex parte (Pat. Off.)	286
Spriggs v. Fisher, <i>et al</i> (Md. Cir.)	384
Standard Brewery Company of Baltimore City v. Interboro Brewing Co., Inc. (D. C. App.)	139
Standard Brewery Company of Baltimore City v. Interboro Brewing Co., Inc. (U. S. C. C. A.)	203
Standard Mail Order Co. v. Standard Merchandise Co. (N. Y. Sup.)..	99
Standard Oil Co. of N. Y. v. Riverside Oil Co. (Pat. Off.)	449
Stanley Company, ex parte (Pat. Off.)	285
Stanley Rule & Level Co., ex parte (Pat. Off.)	146
Star Co. v. The Wheeler Syndicate, Inc. (N. Y. Sup.)	425
Steadman, ex parte (Pat. Off.)	601
Stein & Co., ex parte (Pat. Off.)	288
Steinwender-Stoffregen Coffee Co. v. National Grocer Co. (D. C. App.)	279
Stenotype Co., ex parte (Pat. Off.)	587
Sternau & Co., ex parte (Pat. Off.).....	394
Sturges & Burn Mfg. Co., ex parte (Pat. Off.)	242
Supreme Waist, Inc. v. Yager (N. Y. Sup.)	278
Sutro & Co., ex parte (Pat. Off.)	285
Syracuse Smelting Works, ex parte (Pat. Off.)	437
Talbot, Paul A., ex parte (Pat. Off.).....	434
Tatum Co., Samuel C., ex parte (Pat. Off.)	440, 445
Temple v. Gordon (Cal. D. C. App.)	526
Thermogene Co. v. Thermosine Co. (U. S. C. C. A.)	247
Ungles-Hoggette Mfg. Co. v. Farmers' Hog & Cattle Powder Co. (U. S. C. C. A.)	800
United Drug Co., in re (D. C. App.)	101
United Drug Company, ex parte (Pat. Off.)	529
United Drug Co. v. Boss Mfg. Co. (Pat. Off.)	446
United Manufacturers Service Corporation, ex parte, (Pat. Off.)....	240
United States Tire Co., in re (D. C. App.)	238
Universal Savings Corporation v. Morris Plan Company <i>et al</i> (U. S. D. C.)	475
Vallier & Spies Milling Co. v. New Century Co. (Pat. Off.).....	284
Van Zile v. Norub Mfg. Co. (U. S. D. C.)	221
Vant Woud Rubber Co., ex parte (Pat. Off.)	590
Victor Talking Machine Co., ex parte (Pat. Off.)	392

SIX TRADE-MARK REPORTER

	Page
Waltham Watch Company v. Samuel J. St. Clair (U. S. D. C.)	481
Warren Featherbone Co. v. Castlebone Company (Pat. Off.)	339
Waterbury Co., ex parte (Pat. Off.)	599
Waterman Co. v. Standard Drug Co., <i>et al</i> (U. S. C. C. A.).....	60
Way-Cleanse Co., ex parte (Pat. Off.)	399
Wiggins, Dudley H., ex parte (Pat. Off.)	147
William Stores, Inc., Charles, ex parte (Pat. Off.)	439
Williams Co., Sherwin v. Flint Varnish Works (Pat. Off.).....	441
Wimelbacher & Rice, ex parte, (Pat. Off.)	399
Wonder-mist Co., Inc. v. Marvel Mist Mfg. Co., Inc. (N. Y. Sup.)..	973

CUMULATIVE TABLE OF CITATIONS

KEY

a	affirmed	m	modified
cc	connected case	o	overruled
cf	compare	p	parallel case
d	distinguished	r	reversed
D	appeal dismissed	's	same case
e	explained	v	see
f	followed		

VOL. 1.	VOL. 1.	VOL. 1.	VOL. 1.	VOL. 1.	VOL. 1.
-p. 10-	f 6-364	f 1-341	f 4-126	d 3-318	e 2-241
f 1- 59	f 6-365	p 2-165	f 4-173	f 4-154	cc 5-141
f 1-152	f 6-368	f 2-182	f 6-245 ¹	f 4-289	e 5-143
d 2- 23	f 6-377	f 2-218	f 6-245 ²	f 4-327	s 6-465
d 2-139	f 6-543	f 2-219	f 6-444	f 5- 2	
f 2-305	f 6-544	d 2-239		f 5- 41	-p. 114-
f 3- 12	f 6-550	f 3- 64	-p. 50-	d 5-224	r 2-156
f 3- 13		d 3-109	f 1-125	d 5-225	
f 3-324	-p. 20-	f 4-161	f 1-342	f 5-266	-p. 122-
d 3-383	f 3-326	f 4-229	f 2- 91		d 4-126
d 3-384		f 4-230	d 2-135	-p. 63-	f 6-245
d 3-385	-p. 22-	d 4-243	f 2-437	f 6-222	f 6-285
f 4-232	a 1-106	cf 5- 95	o 2-485		
f 4-233		f 5-160	f 3-241	-p. 90-	-p. 126-
d 4-330	-p. 26-	f 6-592	d 3-292	f 1-341	f 2- 94
f 4-407	p 2- 33		f 3-304	f 2- 37	
f 5- 12	d 2-525	-p. 42 ¹ -	f 3-307	d 2-104	-p. 129-
f 5-132	f 3-178	f 2-219	f 4-160	d 2-122	f 2-134
d 5-137		cf 5- 95	f 6-282	f 2-383	cc 2-181
f 5-140	-p. 25-	f 6-241	f 6-473	f 3-559	
f 5-164	f 2-178	f 6-592	f 6-474	f 6-145	-p. 126-
d 5-208	f 2-228			f 6-485	f 2-251
f 5-266	f 2-428	-p. 42 ² -	-p. 53-		f 3-252
f 5-276	f 3-303	e 3-253	f 1-226	-p. 96-	
f 5-305	f 4-371	f 4-219	d 3-109	cc 1-143	-p. 129-
f 5-328	f 4-409	f 6-285	f 3-257	-p. 101-	f 5-114
f 6-244	f 5-104		f 3-291	f 6-461	
f 6-248	f 5-338	-p. 46-	f 3-563		-p. 147-
f 6-301	f 6-463	f 3-112	f 5-428	-p. 106-	d 2- 22
f 6-333		d 6-593		f 6-417	e 2- 33
f 6-347	-p. 27-		-p. 55-		f 2-216
f 6-361	f 1- 42	-p. 49-	f 1-152	-p. 110-	f 2-227
f 6-362	f 1- 92	f 2-181	d 3-317	m 1-225	d 2-422

SIX TRADE-MARK REPORTER

VOL. 1.	VOL. 1.	VOL. 1.	VOL. 2.	VOL. 2.	VOL. 2.
d 3-442	e 5-143	f 3-421	d 3- 96	-p. 45-	f 3-304
cf 4-286	s 6-465	d 3-429	d 3- 27	r 4-175	f 3-307
f 5-266			f 3-331	f 4-188	f 4-160
-p. 177-	-p. 229-	-p. 202-	v 5-261	f 4-201	f 5-109
f 3-403	a 2-272	p 2-108		cf 5-388	
f 3-404			-p. 11-	d 5-389	-p. 108-
-p. 191-	-p. 236-	-p. 208-	cf 4-102		a 3-149
f 4-219	cf 3-237	f 4-410	d 5-122	-p. 47-	-p. 105-
f 6-245				f 4-233	f 3- 7
-p. 195-	-p. 245-	-p. 205-	-p. 16-	-p. 59-	f 4-233
f 2-420	cf 2-237	p 2-112	e 2-153	cf 4-157	f 4-235
f 5-301	cf 2-238	f 2-294	r 3-398	f 6-418	f 6-573
f 6-401	cf 4-157		f 6-387		
-p. 200-	f 5-225	-p. 210-		-p. 62-	-p. 109-
f 6-285	-p. 250-	e 2- 93	-p. 20-	cf 2-492	f 4-250
-p. 201-	cf 3-237	f 6-194	cc 2-165	r 3-415	d 5-398
f 2- 94	-p. 255-	-p. 215-	f 5- 36	o 4-286	d 5-449
	f 3- 95	cf 2- 33	f 5- 37	o 4-539	f 6-418
-p. 205-	f 6-144	cf 2-379	-p. 23-	s 6-169	-p. 112-
f 2-482	f 6-244	f 3- 57	f 3-177	cf 6-172	f 4- 42
-p. 215-	-p. 259-	-p. 217-	f 3-181	-p. 88-	-p. 115-
e 2- 23	f 2- 70	e 2- 33	f 3-341	f 2-253	m 2-349
r 2- 45	f 2-107	-p. 226-	f 3-490	f 4- 37	cc 3-120
f 2-280	f 2-108	f 6-361	f 4-560	f 6-281	f 3-124
f 2-323	d 3- 4	-p. 232-	f 5-187	f 6-343	f 4-249
d 2-388	d 3- 7	a 2-305	f 5-494	-p. 90-	f 4-252
f 3- 30	cf 4-157	f 2-340	f 5-501	cf 1- 50	f 4-299
f 4- 47	f 4-232	f 3-200	f 5-502	v 2- 96	s 5- 1
f 4- 64	f 4-235	f 4-159	f 6- 51	f 2-437	cc 5-185
f 4-140	d 4-244	-p. 235-	-p. 29-	f 2-485	cc 6- 60
v 4-142	f 4-245	a 2-423	m 3- 50	f 3-241	-p. 123-
a 4-175	f 5-240	-p. 242-	-p. 33-	d 3-292	f 3-308
f 4-188	f 6-333	f 4- 42	d 2- 95	f 3-304	
f 4-201	f 6-418	-p. 248-	d 2-483	f 3-307	-p. 124-
f 4-202	f 6-573	f 2-381	f 3- 71	f 4-160	f 2-480
f 4-225	-p. 269-	f 4- 37	f 4- 37	f 6-473	f 2-485
f 4-237	cf 6-101	cc 5-460	f 4-159	f 6-474	
f 4-465	-p. 278-	-p. 246-	f 5-329	-p. 92-	-p. 127-
d 4-478	f 2-229	a 3- 95	f 6-343	f 2-385	r 5-204
d 5- 37	f 2-377		f 6-596	f 4- 81	-p. 140 ¹ .
f 5- 60	cc 2-469	VOL. 2.	-p. 26-	-p. 96-	p 3- 15
cf 5-388	cf 3- 47	-p. 1-	f 2-383	cf 1- 50	-p. 140 ² .
d 5-389	v 3- 49	p 2-352	d 3- 71	a 2- 90	a 2-420
	-p. 289-	cc 2-443	f 3-559	f 2-437	-p. 141-
-p. 225-	f 2-446	p 2-492	-p. 29-	cf 3-241	f 4-493
cc 5-141			r 2-338	d 3-292	

TABLE OF CITATIONS

VOL. 2.	VOL. 2.	VOL. 2.	VOL. 2.	VOL. 2.	VOL. 2.
d 5-211	o 3-481	-p. 284.	-p. 360.	-p. 397.	f 4-299
-p. 161.	o 4- 8	v 5-491	cf 2-519	f 4- 65	f 4-422
a 2-192	d 4- 52	f 6-218	f 3-133	cf 4-328	f 4-539
c 2-240	d 4-297	-p. 305.	f 3-237	-p. 398.	v 5-261
a 2-412	cf 4-446	f 3-200	f 6-202	r 3-439	f 5-364
m 4-225	-p. 197.	f 4-159	-p. 378.	cf 3-536	f 6-156
f 4-234	f 3-409	-p. 306.	a 3-174	-p. 402.	f 6-187
f 5- 90	-p. 204.	f 4-171	s 5-236	f 6- 51	v 6-296
f 5-137	f 5-297	-p. 311'.	-p. 379.	-p. 412.	f 6-373
f 5-141	-p. 218.	a 2-339	f 3-199	s 2-161	f 6-376
-p. 166.	r 2-486	-p. 312.	-p. 380.	s 2-192	f 6-378
f 3- 9	-p. 217.	r 3-288	a 4-569	s 4-225	f 6-544
-p. 168.	a 3- 64	-p. 318.	-p. 381.	-p. 422.	f 6-550
m 3-334	-p. 221.	cf 4-157	f 3-559	f 6-281	-p. 469.
f 5- 45	cf 4- 69	f 6-411	-p. 384.	f 6-282	cf 3- 47
f 5- 51	e 6-226	-p. 318.	f 6-446	-p. 424.	-p. 482'.
-p. 170.	-p. 220.	s 3- 28	-p. 386'.	f 6-146	e 2-488
p 3- 15	cf 4- 69	f 3-127	f 5-256	-p. 429.	-p. 483'.
f 5-249	f 4-307	f 4-140	-p. 386'.	cc 4-131	r 5-422
-p. 172.	-p. 222.	a 4-423	f 6-241	-p. 431.	-p. 484'.
f 2-482	cf 4- 69	f 5-229	-p. 387.	cc 3-202	r 3-238
f 3- 71	-p. 241.	-p. 324.	r 5- 84	r 4-125	-p. 485'.
-p. 174.	f 6-126	p 3- 15	-p. 387'.	-p. 438.	r 3-238
f 5-373	-p. 257'.	f 4- 64	f 4- 42	f 2-425	-p. 486'.
-p. 180'.	o 4-414	f 6- 44	-p. 387'.	-p. 440.	a 3-243
r 2-379	o 5- 86	-p. 328.	r 3-194	f 6-598	s 3-297
-p. 182'.	-p. 261.	cf 2-519	-p. 388'.	-p. 442.	-p. 487'.
d 4- 47	p 2-492	-p. 342.	a 4-132	p 2-492	a 3-243
-p. 183.	f 3-329	a 2-420	-p. 394.	f 3- 4	s 3-297
f 4-286	d 4-337	-p. 346'.	f 2-396	f 3- 7	-p. 488.
-p. 187.	d 4-338	d 4-126	r 3-371	f 3- 17	D 3-150
f 5-242	-p. 276.	f 6-285	o 4-243	p 3- 17	r 4-164
f 5-244	f 2-395	-p. 349.	d 4-271	d 3- 27	r 4-373
-p. 192.	cf 3- 14	cc 3-120	cf 4-287	f 3-125	-p. 489.
s 2-412	m 3-447	f 4-252	-p. 396.	f 3-421	f 3-476
m 4-225	f 3-458	f 4-299	a 3-374	f 3-424	cf 4-157
-p. 194.	f 3-459	a 5- 1	cf 4-102	f 3-429	f 6-411
r 3- 80	f 4-140	cc 5-185	-p. 396.	f 3-437	-p. 492.
-p. 202.	-p. 282.	f 5-188	cf 4-286	f 4-233	a 4-279
m 4-183	m 4-183	cc 6- 60		f 4-282	-p. 496.
				f 4-286	f 5-175

SIX TRADE-MARK REPORTER

VOL. 2.	VOL. 2.	VOL. 2.	VOL. 2.	VOL. 2.	VOL. 2.
-p. 512. cf 2-328 cf 2-360	f 3- 31 f 4- 65 f 4-188 f 6-355	cc 6-146 cc 6-254	-p. 191. d 3-256 f 6-238	f 3-307 f 3-463 f 4-413 d 4-568 f 5-424 f 6-281 f 6-282 f 6-470 f 6-473	-p. 200. d 4- 86
-p. 522. f 5-258	-p. 24- f 3-454 f 5-275	-p. 26- a 4- 31 d 5-108 f 5-109	-p. 202. r 4-125	f 4-568 f 6-281 f 6-282 f 6-470 f 6-473	-p. 211. f 4-233 f 4-235 f 4-245 f 5-215 f 5-225 f 6-246 f 6-273 f 6-505
VOL. 2.		-p. 108- cf 4- 89	-p. 205- f 3-458 f 5-249 cf 5-275 f 6-368 d 6-507 d 6-508	-p. 248- a 4- 72	
-p. 1- f 3-328 cf 3-273 f 4- 95 f 4-235 f 4-243 f 4-244 f 4-272 f 4-275 f 4-278 m 4-297 f 4-327 f 4-421 d 4-470 f 5-267 f 6-366 f 6-373 f 6-410	-p. 42- cc 4-157 cc 5- 85 f 6-504	-p. 108- cf 2-312 a 3-544	-p. 210- p 3-170	-p. 251- cf 4- 45	-p. 228- cf 3-536 f 5- 44 f 5- 50
	-p. 49- f 6-505	-p. 113- f 6-418	-p. 211- a 4- 5 m 4-333 o 4-445 f 4-446 f 6-240 f 6-473	-p. 254- f 3-308 s 4-134 f 4-461	-p. 234- f 5- 45
	-p. 64- f 6-241	-p. 120- f 3-438 cc 5- 1 a 6- 60 cf 6-188	-p. 221- f 4-297 cf 4-404 f 5-368	-p. 259- D 4- 1 f 5-101 d 6-424 f 6-473	-p. 236- f 6- 51
	-p. 69- s 3-112 cc 3-307 cc 4-133	-p. 127- cf 6-102 f 6-127		-p. 269- r 6-149 cf 6-151 cf 6-162	-p. 270- f 6-418
	-p. 72- f 4-459	-p. 135- r 3-211	-p. 230- a 3-425 r 4-293	-p. 277- D 5-261	-p. 271- f 4-243 f 4-287
	-p. 80- f 3-481 f 4- 8 d 4-297 f 4-446 cf 6-102 f 6-379 f 6-380 f 6-403 f 6-472 f 6-473 f 6-573	-p. 150- r 4-164 r 4-373	-p. 238- d 3-292 d 3-296 f 3-307 f 4-160 f 4-412 f 4-413 f 4-568 f 5- 86 f 5-159 f 6-282 f 6-375 f 6-471 v 6-473		-p. 274- cf 4-102
-p. 5- f 6-356		-p. 156- a 4- 37		-p. 288- f 5-426 cf 6-102	-p. 275- a 4- 45 d 4-141 f 4-188 cf 4-214 c 6-226
-p. 9- d 5-137 f 5-249		-p. 157- r 6- 11 v 6- 12		-p. 291- a 4-219 s 4-524	-p. 287- a 3-243
-p. 17- a 3-278		-p. 166- f 4- 91	-p. 242- s 3-227	-p. 295- s 4- 46 a 4-218	-p. 289- f 4-236 f 4-239 a 6-169 cf 6-172
-p. 28- s 2-318 f 3-127 f 4- 64 f 4-140 f 4-188 a 4-223 a 5-229	-p. 87- f 3-228 f 3-454 m 4- 52 f 4-275 s 4-425 f 6- 45 s 6-103 d 6-105 cc 6-144	-p. 170- p 3-210			
-p. 22- f 3- 29 f 3- 30		-p. 174- m 5-236 f 6- 51			

TABLE OF CITATIONS

VOL. 2.	VOL. 2.	VOL. 4.	VOL. 4.	VOL. 4.	VOL. 4.
-p. 433- f 6-187 f 6-544 f 6-545	-p. 521- f 4-284 v 5-309 f 6- 33 e 6- 39 a 6-149 cf 6-152 f 6-159 f 6-968 f 6-403 f 6-464	a 4-425 m 6-103 d 6-105 cc 6-144 cc 6-146 cc 6-254 -p. 58- f 5-322 f 5-325 f 5-326 f 6- 90	c 5-154 f 5-376 -p. 182- r 4-369 -p. 184- s 3-557 -p. 185- p 4-157 -p. 185- cf 5-174 -p. 187- f 5-249 -p. 157- cc 3- 43 p 4-135 cc 5- 85 -p. 169- f 6-473 -p. 161- f 4-568 f 5-154 f 5-376 f 5-465 f 6-101 f 6-141 f 6-237 cf 6-530 d 6-581 f 6-591 -p. 164- s 2-488 s 3-150 a 4-373 -p. 168- c 6-433 -p. 172- f 5-468 -p. 173- a 5-420 -p. 178- r 5-200	-p. 174- a 5-152 -p. 175- f 4-325 f 4-327 f 4-466 f 4-478 d 5- 37 f 5- 60 f 5- 61 f 5-210 f 5-228 f 5-250 f 5-264 v 5-310 f 5-319 f 5-326 f 5-384 e 5-386 cf 5-388 d 5-389 f 6- 14 f 6-186 f 6-188 f 6-227 f 6-302 f 6-434 -p. 182- d 5- 37 -p. 199- r 4-465 -p. 219- s 4-524 f 4-529 f 6-281 f 6-594 -p. 225- f 4-243 f 4-244 f 5- 90 f 5-137 d 5-141 f 5-362 f 6-365 f 6-366 f 6-373	f 6-377 f 6-378 f 6-492 f 6-545 f 6-550 -p. 246- cf 4-320 f 4-497 cc 6-180 f 6-186 f 6-190 -p. 257- f 6-245 f 6-462 -p. 266- f 6-100 -p. 268- a 6- 3 -p. 278- cc 4-422 f 5-122 f 6- 66 f 6-452 -p. 279- cf 4-319 f 5-211 f 6-185 d 6-189 -p. 293- f 6- 90 f 6-472 f 6-473 -p. 297- f 4-327 f 5-267 f 6-410 -p. 300- s 4-466 m 5-127 -p. 306- m 6- 53
-p. 439- cf 3-536 f 6-403 f 6-551 -p. 444- r 6- 28 -p. 455- a 5-301 f 6- 66 -p. 463- d 3-560 -p. 468- d 3-560 d 4-132 -p. 475- cf 4-157 m 4-388 cc 4-418 -p. 476- f 6-379 f 6-573 -p. 483- s 4-268 s 6- 3 -p. 491- r 5-130 -p. 495- r 4-293 -p. 496- f 6-359 f 6-361 f 6-362 f 6-364 -p. 504- ma 6-337	-p. 546- d 5-366 -p. 551- cf 4-157 -p. 557- s 4-134 -p. 561- D 3-557 s 4-134 VOL. 4. -p. 1- f 5-264 -p. 5- m 4-333 cf 4-445 -p. 6- f 6-379 -p. 28- f 5-160 -p. 44- a 4- 73 -p. 46- a 4-218 -p. 47- a 5-155 -p. 52- cc 3- 87	f 4-213 p 4-273 f 4-275 f 4-278 a 4-419 f 4-421 f 5-122 f 6-452 f 6-495 -p. 112- f 6-418 -p. 125- f 6-245 f 6-245 f 6-444 -p. 129- f 6-442 -p. 129- f 6-284 f 6-442 -p. 181- r 4-161			

SIX TRADE-MARK REPORTER

VOL. 4.	VOL. 4.	VOL. 4.	VOL. 4.	VOL. 5.	VOL. 5.
-p. 323. f 6-14 f 6-90 f 6-186 cf 6-349 f 6-355	-p. 410'. p 5-116	-p. 453'. f 4-456	-p. 545'. r 5-327	-p. 108'. r 6-139 cc 6-203	-p. 163. f 6-284 f 6-347 f 6-444
-p. 333. f 6-369	-p. 411'. s 5-113	-p. 453'. a 5-250	-p. 545'. d 5-83 f 5-461 f 6-588	-p. 109. cc 6-349	-p. 167. f 6-308 f 6-505
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 412'. f 6-281	-p. 455'. cc 4-343 a 5-301 cc 5-473 cc 5-478	-p. 548. a 6-141	-p. 113'. f 6-144	-p. 180. r 6-270
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 413'. a 5-330	-p. 463'. a 5-247	VOL. 5.	-p. 113'. f 6-144	-p. 182. f 5-190 cf 6-109 f 6-403 d 6-424
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 414'. f 5-86	-p. 463'. a 5-299	-p. 1. cf 5-186 f 5-186 f 5-187 f 6-51 f 6-126 d 6-188 f 6-332 f 6-334	-p. 115'. s 6-146	-p. 189. r 6-88 cf 6-109
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 415'. d 5-89 s 5-83	-p. 465. f 5-384 f 5-389	-p. 8. f 6-544	-p. 117'. f 6-287	-p. 192. f 6-49
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 417. cf 4-388	-p. 466. m 5-127 f 6-418	-p. 33. p 4-378	-p. 119. f 6-557	-p. 200. v 5-424 f 6-281
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 419. f 5-129 f 6-65 f 6-451 f 6-452 f 6-495	-p. 469. p 4-519 f 5-214	-p. 38. f 6-505	-p. 127. f 6-410 f 6-418	-p. 204'. f 6-144
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 425. m 6-103 d 6-105 cc 6-144 cc 6-146 cc 6-254	-p. 473. a 5-380 f 6-126	-p. 46. cf 4-556	-p. 128. f 5-211	-p. 205'. f 6-394
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 440. f 5-190	-p. 511. a 5-161	-p. 54. m 5-316	-p. 134. f 6-369	-p. 205'. f 6-394 f 6-597
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 444. f 6-240	-p. 556. cf 5-46 f 6-51	-p. 81. r 5-332	-p. 139. f 5-128	-p. 207. f 6-369
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 449'. f 6-284	-p. 563'. a 6-137	-p. 84'. f 5-460	-p. 141. s 6-465	-p. 216. a 5-214
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 449'. a 5-159	-p. 568'. f 6-144	-p. 85. cc 3-43 cc 4-157	-p. 147'. v 5-305 D 6-247	-p. 227. r 5-383
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 452'. v 5-464	-p. 568'. f 5-82	-p. 103. f 6-148	-p. 150. s 6-94	
-p. 343. cc 4-455 cc 5-301 s 5-473	-p. 453'. cc 4-456	-p. 564'. f 6-144	-p. 108'. a 5-334	-p. 152. f 5-203	
-p. 343. cc 4-455 cc 5-301 s 5-473				-p. 159. f 6-146	

TABLE OF CITATIONS

VOL. 5.	VOL. 5.	VOL. 5.	VOL. 5.	VOL. 6.	VOL. 6.
-p. 286'. f 6-51	-p. 313. f 6-361	-p. 417. f 5-420	a 6-519 s 6-522	v 6-254	-p. 221. f 6-473
-p. 247. d 6-599	-p. 316. f 5-501 f 6-51	-p. 427'. cf 6-102	-p. 496. d 6-219	-p. 187. f 6-238	-p. 226. f 6-579 d 6-581 d 6-582 d 6-583
-p. 254'. a 6-142	-p. 327. f 6-242	-p. 428'. f 6-433	-p. 492. d 6-97 s 6-274	-p. 189. cc 6-203	-p. 240'. cc 6-303
-p. 258'. f 6-281	f 6-281 f 6-446 f 6-595	-p. 429. a 6-250	-p. 505. f 6-438	-p. 141. f 6-435	-p. 241'. d 6-438
-p. 261. f 6-509	-p. 326. f 5-329 f 6-299	-p. 447. f 6-418	VOL. 6.	-p. 142. f 6-437	-p. 245'. r 6-483
-p. 266. cc 5-399 f 6-410	-p. 328. a 5-469 v 5-492 v 6-290	-p. 460'. f 6-588		-p. 144'. f 6-589	-p. 254. r 3-87 s 4-52 s 4-425 s 6-103 cc 6-144 cc 6-146
-p. 269. f 6-418	-p. 358. s 6-425	-p. 460'. f 6-144	-p. 2. f 6-562 f 6-564	-p. 144'. cc 6-103 cc 6-146 v 6-254	-p. 286'. f 6-286
-p. 278. cf 6-239	-p. 366. f 6-93	-p. 461'. a 6-238	-p. 10. f 6-35 f 6-38 f 6-375	-p. 145'. a 6-484	-p. 296'. f 6-296
-p. 276. v 6-496	-p. 372'. f 6-390	-p. 464'. f 6-145 a 6-341 f 6-441	-p. 28. f 6-18 cf 6-162 f 6-577	-p. 146'. cc 6-103 cc 6-144 v 6-254	-p. 306. f 6-589
-p. 295. f 5-465 f 6-147	-p. 375. r 6-290	-p. 466'. cf 6-102	-p. 61. d 6-564	-p. 147'. f 6-589	-p. 308. f 6-240 f 6-318
-p. 301. cf 5-473 cf 5-475	-p. 376'. a 6-101 r 6-599	-p. 466'. cf 6-142 a 6-236 d 6-581	-p. 67. r 6-61	-p. 148. a 6-279	-p. 310. s 6-482 a 6-535
-p. 306. f 5-398 d 6-44 r 6-345	-p. 388. cf 1-215 cf 2-45	-p. 469. v 5-492 v 6-290	-p. 87. f 6-99 f 6-100	-p. 149. f 6-318 f 6-322 f 6-403 f 6-429 f 6-517	-p. 327. f 6-298 f 6-471 f 6-472
-p. 322. a 6-247	-p. 392. f 6-418	-p. 478. s 4-343 cc 4-455 cc 5-301 f 6-43 f 6-362	-p. 94. cc 6-344	-p. 169. f 6-369 f 6-459 f 6-468 f 6-517 d 6-543	-p. 349. cc 5-109
-p. 306. r 6-345 f 6-505	-p. 394. f 5-449	-p. 479. s 6-518	-p. 101. cf 6-142 r 6-529 cf 6-585	-p. 189. m 6-298	-p. 357. cf 3-426
-p. 308. cc 6-384	-p. 399. cc 5-266		-p. 106. cc 6-144 cc 6-146		

SIX TRADE-MARK REPORTER

VOL. 6.	VOL. 6.	VOL. 6.	VOL. 6.	VOL. 6.	VOL. 6.
-p. 384- cc 5-308	-p. 431'- f 6-588	-p. 445'- s 6-598	-p. 484- f 6-576	s 6-522	-p. 586' s 6-392 ^a
-p. 392'- s 6-586 ^a	-p. 442- a 6-430	-p. 454- s 6-457	-p. 496- v 5-276	-p. 522- s 5-479 s 6-518	
-p. 395- f 6-500	-p. 444'- f 6-444	-p. 457- s 6-454	-p. 518- s 5-479	-p. 529- cf 6-585	

CONTENTS

	PAGE
United States Circuit Court of Appeals:	
Goldsmith Silver Co. v. Llewellyn W. Savage.....	1
W. A. Gaines & Co. v. Rock Springs Distilling Co.....	10
Theodore Rectanus Co. v. United Drug Co.....	28
United States District Court:	
Aluminum Cooking Utensil Co. v. National Aluminum Works	42
New York Supreme Court:	
Material Men's Mercantile Ass'n, Ltd. v. New York Material Men's Mercantile Ass'n, Inc.	46

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NOTICE TO ATTORNEYS

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The Trade-Mark Reporter

Vol. 6

JANUARY

1916

GOLDSMITH SILVER COMPANY V. LLEWELLYN W. SAVAGE

United States Circuit Court of Appeals

First Circuit, December 10, 1915

1. TRADE-MARKS—NUMERALS.

Whether naked numerals may constitute a valid trade-mark has never been determined. The cases, however, are not without expressions of opinion on the subject, some viewing the matter from one standpoint and some from another.

2. TRADE-MARKS—INFRINGEMENT—UNFAIR COMPETITION.

Whether plaintiff proceeds upon the ground of infringement of a trade-mark or upon the ground of unfair competition, there is one element common to both rights, which it is essential to establish; and that is that the dress of the alleged infringing or competing article is so similar to the one competed with, that it is probable the purchasing public, while in the exercise of reasonable care, will be deceived and led to purchase the competing article for that of the plaintiff, with consequent injury to his trade.

Appeal from a decree of the United States District Court, dismissing the complaint. Affirmed.

For the opinion of the lower court, see 4 Trade Mark Reporter 268.

See, also, 3 Trade Mark Reporter, 483.

Maurice A. Rosen, of Portland, Maine, for the complainant appellant.

Phillips B. Gardner, of Bangor, Maine, for the defendant appellee.

Before PUTNAM, DODGE & BINGHAM, J. J.

BINGHAM, J.: This is a proceeding in equity brought by the complainant, appellant, against the defendant in which it alleges and claims (1) that it is the owner of a trade-mark in the numerals "108" as adopted and used by it with reference to a certain cigar which it manufactures and puts upon the market, and that the defendant has infringed its right by employing the numerals "208" on a cigar which he manufactures and puts upon the market; and (2) if it is not entitled to an exclusive right in the numerals "108" as a trade-mark, that by adoption of them and their use through a series of years in connection with the sale of a certain cigar it has established a trade therein, and that the defendant, by putting upon the market his cigar numbered "208" is guilty of unfair competition.

By agreement of the parties the case was sent to a special master under an order of the court, with directions "to take the testimony and report the findings of fact and conclusions of law to the court, with all convenient speed, subject to exceptions according to the usual course of chancery practice." Having heard the parties, the master made his report in which he found in substance (1) that the complainant's predecessors in title, adopted the numerals "108" to denote the origin and source of manufacture of a certain cigar that it manufactured, which mark the complainant and its predecessors have continued to use in connection with the manufacture and sale of said cigar for more than twenty years; but rules that the complainant had no exclusive right to the use of such numerals, in that they would not constitute a valid trade-mark when not associated with some name or device to characterize and distinguish them. Having thus disposed of this question, he proceeded to consider whether the business, which the complainant had built up by the use of the numerals "108" in connection with its cigar, had been unlawfully interfered with by the defendant.

With reference to this subject, he states that one question is whether the natural and probable tendency and effect of the conduct of the defendant in his sale of the cigar marked "208" was such as to deceive the public, so as to pass off his goods for those of the complainant. He then finds that the box containing the cigars manufactured and sold by the defendant, when compared with

the box containing the cigars manufactured and sold by the complainant, presented no such resemblance as would cause deception on account of similarity; that the shape, size, and general appearance of the boxes were very dissimilar, and that the labels upon them were entirely different; that the numerals occupied different places on the respective boxes, and were so different in size as to present no real similarity to the eye; that while the size of the cigars was practically the same, there were a million other makes of like size, and that the complainant's cigar was branded "108" while the defendant's was not. He summarizes his finding as follows: "From a comparison, therefore, of the cigars and boxes, including labels, general appearance and make-up, I find that there would be little or no possibility of a dealer thinking that they were the cigars manufactured and sold by the complainant."

As to the contention that the defendant, by manufacturing his cigars and selling them under the numerals "208," put into the hands of retail dealers the means of deceiving the ultimate consumer by substituting cigars of his brand for those of the complainant's brand, he ruled that "to warrant the issuing of an injunction, either actual or probable deception and confusion must be shown, and that mere possibility of deception and confusion was not enough." After setting forth and analyzing the evidence bearing on this question, and showing that the complainant's and defendant's cigars are of the same size, shape, and color and that there are numerous other cigars on the market of like size, shape and color, he finds that the parties sent by the complainant to purchase cigars from retail dealers, and who testified in the case, were not deceived, and that the boxes were so marked and the marks on the boxes containing defendant's cigars were so open to observation that there was no likelihood of purchasers being deceived; that there is no uniform rule followed by retail dealers in the display of the boxes; but that generally their covers are torn off or bent back and put under the boxes so that only the boxes themselves are seen in the cigar case; that if an unscrupulous retail dealer, who did not have the "108" cigar, wished to palm off on the purchaser a different one, he could do this as well by substituting any other cigar of the same shape and size, of which there are many on the market, and that to take cigars from a box

marked "208" would assist him very little in accomplishing his purpose.

He then considers the evidence bearing upon the question of the purpose and intention of the defendant in adopting the universal Londres shape and size of cigar for his cigar with the numerals "208" upon the box, and concludes, inasmuch as the boxes were dissimilar and the size, shape, and color of the cigars were the same as many others on the market, that in the adoption of the numerals "208" the defendant did not intend to inroad upon the complainant's trade by deceiving the public, and that the defendant had at one time handled the complainant's cigar as a jobber, in practically the same territory in which he later sold the cigars marked "208."

The report having been filed, the complainant excepted to the following findings of fact and conclusions of law of the master:

"First. That the master finds as a matter of law that the numerals '108' as used by your petitioner are not the subject of a trade-mark.

"Second. That the master finds that the petitioner is not entitled to an injunction on account of an infringement of the defendant on the alleged trade-mark.

"Third. That the master finds that the petitioner has not established his case of unfair competition on the part of the defendant as will entitle him to an injunction as prayed for.

"Fourth. That the master finds that the petitioner is not entitled to an accounting for damages."

There was a general exception to the report as against the law, the evidence and the weight of the evidence.

In the District Court the findings and rulings of the master were sustained and a decree was entered affirming the same. From this decree an appeal was taken to this court, and the errors assigned were that the District Court erred (1) "in finding that the name '208' as used by the defendant in connection with the defendant's sale of his cigars was not an infringement upon the complainant's trade-mark rights to use the name '108' as used by it"; and (2) "in finding that the use by the defendant of the name '208' in connection with the sale of his cigars was not unfairly competing against the complainant in the complainant's use of the name '108' in connection with its sale of cigars." The third, fourth, fifth, sixth, and eighth assignments were mere subdivisions of assignments 1 and 2. The seventh was that the court erred

"in not finding from all the evidence that the conduct of the defendant in placing upon the market his '208' cigars was for the fraudulent purpose of unfairly competing with the complainant." The ninth, tenth, and eleventh assignments were general.

The report of the master was filed Feb. 1, 1914, and the opinion of the District Court dismissing the bill was filed March 16, 1914. On March 15, 1915, the depositions of certain witnesses, whose testimony purports to have been taken in the case, were filed in the District Court. The record contains no stipulation that these depositions embrace all the evidence presented before the master, and the order of the court sending the case to the master contained no direction to him to report the evidence. Under the circumstances the evidence contained in the depositions cannot properly be considered by us for the purpose of determining whether the findings of fact by the master are correct or otherwise. "The true rule upon this subject is that the Master's finding of facts upon the evidence taken by him cannot be impeached in the absence from the record of the certificate, or other competent proof, either that the evidence presented is the entire evidence taken by him, or that it contains all the evidence which was before him relative to the specific finding or findings challenged." While it would be presumed, in the absence of countervailing proof, in case the order to the master had contained a direction to report the evidence, and on filing his report he had accompanied it therewith, that he had faithfully discharged his duty and returned all the evidence, no such presumption can be indulged in this case, for the order to the master contained no such direction, and the record does not disclose that the evidence was returned by the master. (*Guarantee Gold Bond Loan & Savings Co. v. Edwards et al.*, 164 Fed. Rep. 809, 811, and cases there cited.)

The complainant has argued his case as though the finding and ruling of the master—that the numerals "108" as used by the complainant, was not a valid trade-mark—had been assigned by him as error. The record discloses that an exception of this kind was taken to the master's report, but that it was not assigned as error on this appeal. The question, therefore, is not before us, and we are not required to pass upon it. Whether naked numerals may constitute a valid trade-mark has never been determined.

The cases, however, are not without expressions of opinion upon the subject, some viewing the matter from one standpoint and some from another, and text writers have entertained equally divergent views.

But if we assume that the complainant has a valid trade-mark in the naked numerals "108" it does not follow that it is entitled to the relief asked, unless the finding that the defendant is not guilty of infringement cannot be sustained. Whether the complainant's action proceeds upon the ground of infringement of a trade-mark or upon the ground of unfair competition, there is one element common to both rights which it is essential for it to establish and that is that the dress of the alleged infringing or competing article is so similar to the one competed with that it is probable the purchasing public, while in the exercise of reasonable care, will be deceived and led to purchase the competing article for that of the complainant with consequent injury to his trade. In the case of infringement of a technical trade-mark the intention of the infringer is immaterial, as the essence of the wrong lies in the injury to a property right; while in the case of unfair competition the intention is material to establish fraud on the part of the defendant in the use of the imitative device to beguile the public into buying his goods as those of his rival. In the former case fraud, if material, is presumed, while in the latter the complainant must prove a fraudulent intent, or show facts and circumstances from which it may reasonably be inferred. In either case, however, it must be shown that the dress or device employed by the defendant is such that it has deceived, or is calculated to deceive, ordinary purchasers buying with usual care, and that they have purchased or will probably purchase the goods of the defendant under the mistaken belief that they are those of the plaintiff, to the serious damage of the latter (*McLean v. Fleming*, 96 U. S. 245; *Regis v. Jaynes*, 185 Mass. Rep. 458, 460; Paul on Trade Marks, Secs. 196, 280.).

As heretofore pointed out, the master has found in favor of the defendant on the last proposition, and the court below has affirmed the finding. Findings so made are not to be lightly disregarded, and this is especially true where, as here, it appears that the case was sent to the master under an agreement of the parties

that he should hear the evidence and report his findings of fact and conclusions of law thereon. In *Kimberly v. Arms* (129 U. S. 512), the order sending the case to the master read as follows: "By consent and request of all the parties herein, it is ordered by the court that Hon. R. D. H. be and is hereby appointed a special master herein to hear the evidence and decide all the issues between the parties and make his report to this court, separately stating his findings of law and fact, together with all the evidence introduced before him, which evidence shall thereby become part of the report, which report shall be subject to like exceptions as other reports of masters." This order differed in no respect from the one under consideration, except that it directed the master to report the evidence introduced before him and make it a part of his report. In determining the effect to be given to findings of a master under such a reference, Mr. Justice Field said:—

"A reference by consent of parties of an entire case for the determination of all its issues, though not strictly a submission of the controversy to arbitration—a proceeding which is governed by special rules—is a submission of the controversy to a tribunal of the parties' own selection, to be governed in its conduct by the ordinary rules applicable to the administration of justice in tribunals established by law. Its findings, like those of an independent tribunal, are to be taken as presumptively correct, subject, indeed, to be reviewed under the reservation contained in the consent and order of the court, when there had been manifest error in the consideration given otherwise. * * * To disregard the findings and treat the report as a mere presentation of testimony is to defeat, as we conceive, the purpose of the reference and disregard the express stipulation of the parties. We are, therefore, constrained to hold that the learned court below failed to give to the findings of the master the weight to which they were entitled, and that they should have been treated as so far correct and binding as not to be disturbed unless clearly in conflict with the weight of the evidence upon which they were made."

In *Davis v. Schwartz* (155 U. S. 631), the order of reference to the master, as in *Kimberly v. Arms*, was by consent of the parties to hear the case and report his findings and conclusions of law, but it did not contain a reservation of the right to review his findings, and it was there held that under such an order, the findings of fact by the master were conclusive, if there was any evidence upon which they could be made. In the opinion of Mr. Justice Brown, it was said:

"As the case was referred by the court to a master to report, not the evidence merely, but the facts of the case, and his conclusions of law thereon, we think that his finding by a referee, the special verdict of a jury, the findings of a Circuit Court in a case tried by the court under Rev. Stat., 649, or in an admiralty cause

appealed to this court. In neither of these cases is the finding absolutely conclusive, as if there be no testimony tending to support it; but so far as it depends upon conflicting testimony, or upon the credibility of witnesses, or so far as there is any testimony consistent with the finding, it must be treated as unassailable."

And again he says:

"As there is nothing to show that the findings of fact were unsupported by the evidence, we think they must be treated as conclusive."

The views of the Supreme Court, as expressed in the above cases, have been recognized and followed in the various circuits. (See *Connor v. U. S.* 214 Fed. Rep. 522; *Hattiesburg Lumber Co. v. Herrick*, 212 Fed. Rep. 834, 842, 843; *Guarantee Gold Bond Loan & Savings Co. v. Edwards*, 164 Fed. Rep. 809, 811.)

We have carefully examined the report of the master with reference to his finding of fact upon the question material to both grounds of complaint and the exhibits particularly relating thereto, and are of the opinion that the proofs show that the master was right rather than that he was clearly wrong.

The decree of the District Court is affirmed, with costs to the appellee.

W. A. GAINES & CO. V. ROCK SPRINGS DISTILLING CO.

(226 Fed. Rep., 531.)

United States Circuit Court of Appeals

*Sixth Circuit, July 20, 1915. On Petition for Rehearing,
November 2, 1915*

1. TRADE-MARKS—TEN YEAR CLAUSE.

Rights in a trade-mark which by reason of the character of the mark may have been imperfect when use was begun, are perfected by a valid registration under the ten year clause of the trade-mark act of 1905.

2. TRADE-MARKS—VALIDITY.

The name of a man employed at a distillery, applied to the whiskey made by him from his formula, was not a valid trade-mark during his lifetime, being descriptive of the origin of the goods. Continuous use after his death may, however, gradually change the significance of such a name until it becomes a mere symbol of origin and, therefore, a valid trade-mark, entitled to protection as such.

3. TRADE-MARKS—GOODS OF THE SAME DESCRIPTIVE PROPERTIES.

Under the common law rule that a trade-mark for one article extends to another article of the same descriptive properties, and under the statute for registration of trade-marks and the decided cases, straight and blended whiskies are goods of the same descriptive properties.

4. **TRADE-MARKS—ACQUIESCENCE IN USE BY ANOTHER.**

Where the later appropriator of a mark used it for many years without challenge from the original appropriator, it may well be that, even if the original appropriator did not know of this use, nevertheless, it is legally chargeable with such knowledge and acquiescence for many years, and that the use by the later appropriator may mature into a possession, of which a court of equity will not deprive him by injunction.

5. **TRADE-MARKS—REGISTRATION—DEFENSIVE RIGHT IN ANOTHER.**

A defensive right in a trade-mark, sufficient to protect the user against injunctive relief by another, does not prevent the registration of the mark by the latter party.

6. **REGISTRATION—EFFECT—ACT OF 1905.**

There is nothing in the act of 1905 which purports to cut off or impair any substantive defense which would have been open to the later user of a mark, if there had been no registration, except in so far as it may perhaps affect the character of the registrant's title to a descriptive word of secondary meaning.

7. **TRADE-MARKS—FRAUDULENT REGISTRATION—ACT OF 1905.**

The registration of a trade-mark under the act of 1905 is not fraudulent because of claims that the trade-mark was in use for a certain period of time, although during a part of such time the use was descriptive rather than a strictly trade-mark use.

8. **TRADE-MARKS—FRAUDULENT REGISTRATION—ACT OF 1905.**

The registration of a trade-mark under the act of 1905 is not fraudulent because the registrant claims that no other person has the right to use the trade-mark as applied to the goods covered by the application, even though some other person has a defensive right to use the mark on goods of the same descriptive properties, not specifically claimed in the registration.

9. **TRADE-MARKS—FRAUDULENT REGISTRATION—ACT OF 1905.**

Where the plaintiff registered its mark for straight whiskey and failed to notify the defendant, who has a defensive right to use the mark on blended whiskey, the limited effect of the registration does not conflict with the rights of the defendant and the registration is not fraudulent.

10. **TRADE-MARKS—INFRINGEMENT—RES ADJUDICATA.**

At the termination of a lease, the lessee contracted with the owner of a distillery for the further manufacture of whiskey and the bottling in bond of some old stock under the lessee's trade-mark. In a suit against the owner of the distillery for infringement upon the plaintiff's mark by reason of such use of the lessee's mark, held that a decree in favor of the lessee in an earlier suit by the same plaintiff was res adjudicata in favor of the present defendant.

11. **TRADE-MARKS—INFRINGEMENT—EVIDENCE.**

Testimony consisting almost wholly of unaided recollections of dates forty years old cannot be accepted.

Appeal from the District Court of the United States for the Western District of Kentucky. On appeal from a decree of dismissal. Reversed and remanded.

For the decision of the lower court from which this appeal is taken, see 3 Trade Mark Reporter, 157.

Appellant, Gaines & Co., is a Kentucky corporation. Appellee Rock Spring Distilling Company is also a Kentucky corporation, and appellee Rosenfield is the licensee and operator of its distillery, and is a citizen of Kentucky. The appellant will be referred to as plaintiff; the appellees as defendants. The litigation

involves a controversy over the words "Crow" or "Old Crow" as a trade-mark for whiskey. Plaintiff filed its bill in the court below, alleging its trade-mark right in these words, and claiming that defendants were infringing. The answer denied the existence of the right claimed, and set up as a bar a decree rendered against plaintiff in the United States District Court at St. Louis, under mandate of the Circuit Court of Appeals for the Eighth Circuit. The answer claimed privity between the Hellmans—the defendants in that case—and these defendants. A plea of former adjudication was held good. ([C. C.] 179 Fed. Rep. 544.) After replication filed, proofs were taken, including, by stipulation, all proofs in the Hellman Case; and, on final hearing, the bill was dismissed. (202 Fed. Rep. 989 [8 Trade-Mark Reporter, 157].) From the pleadings and proofs, these facts appear, either without dispute or beyond fair question.

Woodford County, Ky., is not far from Bourbon county, and is in the heart of the limestone formation, "blue grass" country. This general region has always been and is the center of the distilling business for the best known Kentucky whiskeys. The water from the limestone springs—whether or not it is really better than other waters for making whisky—in the early days was thought to be of unique purity and essential to the highest grade of the distilled product. Three brands, among those most advertised and so most widely known now for a generation, are made within a few miles of each other, in Woodford county, along Glenn's creek—"Taylor," "Pepper," and "Crow." For a long period before 1855, James Crow was a practical distiller in the Glenn's Creek neighborhood. He did not have a distillery of his own, but was employed by various distillers—for some years before Crow's death, in 1855, by Oscar Pepper (except for the last year or two, and even then Crow retained some supervision for Pepper). He was reputed to be the first man in Kentucky to make a sour mash whisky, and he had a high reputation as a skillful distiller. During his years at the Pepper distillery, he made a large quantity of whisky. This whisky came to be called by his name as "Crow," or, as it aged, "Old Crow," whisky, and it acquired, by that designation, a reputation for good quality. At his death a considerable quantity was in existence, both where it had been scattered upon the market and where it was aging in the distiller's possession. During the succeeding years, it continued to have a market reputation and represent a high standard, under one or the other of these names. After Crow's death, Oscar Pepper, at the same distillery and with the same formula, continued to make a whisky which some witnesses say he continued to call "Crow." He died about 1865. In 1866 or 1867, the Pepper distillery was bought by Gaines, Berry & Co. They employed, as distiller, a man who had been a foreman for Crow, and who knew his formula and methods, and their product was called "Crow," or "Old Crow." They were succeeded in the business by W. A. Gaines & Co., first a partnership, and then the plaintiff corporation. Since such adoption by Gaines, Berry & Co., these words have been continually used by plaintiff and its predecessors as a trade-mark, vast sums of money have been expended on advertising the brand and the trade-mark, and the brand, under that name, has for many years been one of the best known in the country. All the other distilleries where Crow worked, and which so might have had special rights in the name, have now, for 60 years or more, not questioned the exclusive rights of the Pepper distillery and its successor; and while, doubtless in the '70's, and perhaps in the '80's, there were some instances of trespassing which were not attacked, plaintiff's right was even then generally observed, and now, for 25 or 30 years, has not been seriously challenged—save for the Hellman use.

The witness Mida, who conducts the Bureau of Registration for brands and trade-marks regarded as authoritative by all the liquor trade, and who has published, since 1878, "Mida's Criterion," the recognized price list of "all brands and all ages" of liquor, testifies that "Old Crow" has always and everywhere been considered the Gaines brand, and is universally understood to refer to whisky made at the Gaines Old Crow distillery. This testimony is undisputed—excepting the Hellman use, if that is an exception. It further appears that Gaines & Co.,

in 1882, registered, as a trade-mark, "Old Crow," alleging its use as a trade-mark "since 1870." Again, in 1904, plaintiff duly registered as a trade-mark the words "Old Crow," alleging its continuous use, by plaintiff and its predecessors, since 1835. Again, in 1909, and under the act of 1905, plaintiff duly registered the same trade-mark, alleging that it had been used since 1835, that the class of merchandise to which it was appropriated was "distilled alcoholic liquors," and that the particular description of goods comprised in the class upon which the trade-mark was used is "Straight Bourbon and Rye Whisky." This last registration is the only one alleged in the bill in this cause, and upon it jurisdiction depends, since there is no diverse citizenship.

Since it is admitted that defendants are using the name "Celebrated Old Crow" upon whisky not made by plaintiff, the right to an injunction would be clear, except for the defense and counterclaims made in the Hellman Case, taking effect here either by virtue of the inherent force of the facts there and here appearing, or through the operation of the rule of adjudication. In that case the defendants Hellman filed a cross-bill, alleging their own prior and superior right to the trade-mark "Old Crow," and asking for appropriate relief. By the proofs it appeared that prior to 1867, and perhaps as early as 1863, the Hellmans had made some shipments of whisky which they invoiced under the name of "Crow," and which were contained in barrels stamped with the picture of a crow, and with the words "P. Crow" or "J. W. Crow"; that they had distributed to their customers signs advertising "Celebrated Old Crow Bourbon"; that they were not distillers, but were wholesalers or jobbers; and that the whisky which they sold under that name had no connection with the Kentucky "Old Crow," but was a "blend," and made by them on their own premises, while the plaintiff's product was a straight whisky, and its trade-mark was never applied, with its approval, to anything else than its product. Upon this general situation, the District Court, at St. Louis, found the facts and the law in plaintiff's favor, awarded to it the usual injunctive relief, and dismissed the cross-bill of defendants Hellman. (*Gaines v. Kahn* [C. C.] 155 Fed. Rep. 639.) Both parties appealed; but the Hellmans dropped their appeal from the dismissal of their cross-bill, whereby whatever adjudication was carried by such dismissal became final. The opinion of the Court of Appeals is reported in *Kahn v. Gaines* (161 Fed. Rep. 495, 88 C. C. A. 437). Its precise effect, we must hereafter consider. It directed that the decree be reversed, and that plaintiff's bill be dismissed; and this was done.

E. F. Trabue, of Louisville, Ky., and *J. L. Hopkins*, of St. Louis, Mo., for appellant.

L. E. Smith, of St. Louis, Mo., for appellees.

Before WARRINGTON, KNAPPEN, and DENISON, Circuit Judges.

DENISON, Circuit Judge (after stating the facts as above):

1. The first objection which plaintiff's alleged trade-mark rights must meet is that the words are descriptive, and so incapable of becoming a true trade-mark. If nothing were involved except the effect of the 1909 registration, this objection might be passed without decision, since the application for registration indicates use for more than 10 years before 1905, thus perfecting rights which might have been imperfect when the use began, and would have so continued except for the statute (*Dauids Co. v. Dauids*, 233

U. S. 461, 34 Sup. Ct. 648, 58 L. Ed. 1046 [4 Trade Mark Reporter 175]; *Nashville Co. v. Coca Cola Co.*, 215 Fed. Rep. 527, 529, 132 C. C. A. 39 [4 Trade Mark Reporter, 323]); but it is impossible wholly to separate the force of this registration from the underlying broader question, because rights prior to this registration are indirectly involved.

During the lifetime of the distiller Crow, it seems clear enough that to call his product by his name could not amount to the adoption of a valid trade-mark; the use of the name was descriptive, rather than arbitrary, and a manufacturer cannot thus exclude all others. Such use might give rise to quasi exclusive rights on the secondary meaning theory; but this theory is not alleged. The same situation, apparently, must continue after Crow's death, and in reference to whisky which had been manufactured by him during his life. The necessary meaning of the words, as merely describing the article or stating the name of the maker, would seem to merge and destroy any otherwise possible implication that they were an arbitrary symbol of origin. As the making of whisky after Crow's death, but by the same formula and methods, was continued by Pepper or by Gaines, and as it continued to be called "Old Crow," this appellation would gradually change its character. It at once ceased truly to personify the maker; it did not immediately become merely arbitrary. As the trade lost the sense of Crow's personality, as he became less real and more traditional, as no one else of the same name challenged the growing right, and as with Crow's personality fading there must also fade the vague descriptive effect of using his formula, the words "Old Crow" would become less descriptive and more arbitrary, and after a period of such unchallenged use they would become dominantly and substantially a mere symbol of origin. Whether this right of exclusive appropriation as a trade-mark had matured in 1866 or 1867, when Gaines, Berry & Co. began the use, or matured in 1870, the date named in their first trade-mark registration, or matured at some other date, is not now material. The facts seem to show an unbroken development of the type which the courts had recognized, but which had not been effectuated by statute until the law of 1905. Words which were at first essentially incapable of exclusive appropriation were continually used as descriptive by the only one who could truth-

fully make such use, until, by change of circumstances and by long acquiescence, they had come to indicate, and indicate only, a particular product of a particular manufacturer. It might be otherwise, if the words had originally been more purely descriptive of quality or method; and it may be that some person named Crow would even yet have a measure of right to call his product "Crow." We do not meet either of these questions; and, in what has been said regarding the capability of the name for exclusive appropriation, we have, for the time being, disregarded whatever force the St. Louis use by Hellman may have.

2. When we consider the claim that the Hellman decree is a bar to any relief in this suit, we first meet the objection that there is no privity of parties. We must think that privity sufficiently appears. The parties defendant in that case, at the time of its commencement, had been the two Hellmans, who were partners. Pending the suit, one partner died, and his administrator, Kahn, was substituted. Later, but still pending the suit, the entire business of the Hellman Bros. was transferred to the just organized corporation, the Hellman Distilling Company, and by supplemental bill this corporation was made defendant. The corporation was therefore a party to the suit at the time of the final decree. During the existence of the partnership of Hellman Bros., it had leased the distillery of the Rock Spring Distilling Company, near Owensboro, Ky., and as lessee it had manufactured whisky there in 1904. The Hellman Distilling Company, as such lessee, continued such manufacturing in 1905, 1906, and 1907. In 1909 all this remained in bond in the distillery warehouse. In 1909, and after the final decree in the Missouri case, the Hellman Distilling Company contracted with the Rock Spring Company, and with Rosenfield, as its lessee, for the further manufacture of whisky, and for the bottling in bond of the 1904 stock, and for the use upon such bottles of the brand or label "Hellman's Celebrated Old Crow." The Hellman Company gave to defendants a bond of indemnity to protect them against plaintiff's claims; in using this brand or label, defendants are acting for and in behalf of the Hellman Distilling Company; and the right of that company to use this brand on this article is the very thing in controversy. The former decree must be given the same force and effect as if the Hellman Distilling Company were the nominal, as it is the real,

defendant here. (*Kessler v. Eldred*, 206 U. S. 285, 27 Sup. Ct. 611, 51 L.Ed. 1065.)

3. Plaintiff next urges, by way of escape from the claimed force of the Hellman decree, and even if that decree is to be considered as an adjudication that the plaintiff had no lawful title to the trade-mark, yet that, since the only use there involved was upon a blended whisky, while the use here involved is upon a straight whisky, a judgment that plaintiff had no trade-mark valid against a blended whisky would not be a judgment that plaintiff had no trade-mark valid for straight whisky. Disregarding, for the present, such limitations as for the purposes of this suit must be thought to have been imposed on plaintiff's rights by the peculiar form of the 1909 registration, and with reference only to the general question and the general rule, we cannot be satisfied with the theory which would thus interpret and then limit the effect of the Hellman decree. The general rule is clear that a common-law trade-mark for one article extends to another article of the same descriptive properties; the difficulties come in applying this limitation, "of the same descriptive properties." The distinctions between a straight whisky and a blended whisky have given rise to much controversy in other legal fields; but it seems to us clear that, whatever the extended classifications and subclassifications of the Patent Office practice may contemplate, neither the common law nor the registration statute can intend such confusion as must result from recognizing the same trade-mark as belonging to different people for different kinds of the same article. Established trade-marks directly indicate origin; but, if they have any value, it is because they indirectly indicate kind and quality, and to say that the seller of a blended whisky might properly put upon it a mark which was known to stand for a straight whisky, or vice versa, would be to say that he might deceive the public, not only as to the origin, but also as to the nature and quality, of the article. The decided cases do not permit a trade-mark like this to be thus divided as to its subject-matter;¹ and we must think that whatever

¹ Coffee and cocoa, *Baker v. Harrison* ([Ct. App. D. C.] 138 Off. Gaz. 770); toilet brushes and tooth brushes, *Florence Co. v. Dowd* ([C. C. A. 2] 178 Fed. Rep. 73, 101 C. C. A. 565); soda and baking powder, *Layton Co. v. Church* ([C. C. A. 8] 182 Fed. Rep. 35, 104 C. C. A. 475, 32 L. R. A. [N. S.] 274); axes and shovels, *Collins v. Ames Co.* ([C. C.] 18 Fed. Rep. 561 [Mr. Justice Blatchford]); tobacco and cigarettes, *American Co. v. Polacek* ([C. C.] 170 Fed. Rep. 117 [Coxe, Circuit Judge]).

was adjudicated regarding plaintiff's title to its trade-mark applies to its use on both kinds of whisky.

4. It is next urged that the Eighth Circuit decree may be reconciled with granting the relief now sought, and upon the theory that trade-mark rights may be limited in territory, and that plaintiff might have the right to this trade-mark for whiskies throughout the country generally, while the Hellmans might have an exclusive right to the same words as a trade-mark for the same article in St. Louis and the Southwest, thus being given the field which they claimed they had first exploited and reduced to possession. This suggestion presents two conflicting theories of trade-mark origin and right,—and we speak now only of marks which are so-called “technical” trade-marks. One theory is that the right arises from adoption,—from a kind of creation or discovery followed by appropriation. Whether the right is perfect at the instant of adoption, or whether there first must be sufficient use upon the goods to create for the mark a meaning among that part of the public which begins to purchase, is a detail which would not usually be important. According to this theory, if the right is once acquired by prior adoption, it is by its very nature exclusive of all later similar rights which might otherwise be acquired by similar adoption; and from that theory it would seem to follow that one who first adopts the mark and applies it to his goods in interstate commerce, and who extends his business into new localities, until, in regular course, his business may cover the country, may prevent the use of the mark by another later user, even though that other has adopted the mark in good faith, and in his particular field has given it identity with his goods. How much diligence on this theory the first user must employ in extending his business to get the full benefit of his initial right need not now be considered. The other theory is that no right is perfected until the mark has been used to such an extent that it has come to have a meaning to the particular purchasing public as to which a controversy arises, and that the duty of courts of equity to enforce such rights depends essentially upon the duty of protecting this public against being misled. From this theory it will follow, or it may follow, that the later adopter, who has brought it about in a given locality that the mark indicates to the public that the goods are of his man-

ufacture, may thereby himself acquire a trade-mark right or its equivalent, affirmatively enforceable in that locality and among that public, even against the first proprietor.

We do not find it necessary to consider or to attempt to decide the question so presented. For the purposes of this case, and without intimating any opinion, we give the first appropriator the benefit of the doubt and assume that his title is *prima facie* country-wide and exclusive against all others, and that as against all who have no special and superior equity he is entitled to carry his trade into the new territory and there to enforce his exclusive right. However, the existence of this general or *prima facie* exclusive right is not inconsistent with an inability to enforce it against some persons and under some circumstances. Instances may arise where the affirmative conduct or the laches of the first appropriator, and with reference to what he was at first entitled to call an infringement, has been such that on the principles of estoppel a court of equity cannot tolerate that he should enforce against the later user the right which might have been originally perfect. This subject is more fully discussed and the reasons which lead us to this conclusion pointed out, with some reference to the decided cases, in our opinion in the *Reclanus Case* (226 Fed. Rep. 545 [6 Trade Mark Reporter, 28]), this day decided. Under these considerations, and upon reference to the pleadings and the proofs in the *Hellman Case*, we conclude that the latter case is of the class where the refusal to give an injunction to the first appropriator of the mark may be justified upon the ground of his estoppel; and so this ground of support must be considered in determining what is the true basis of that decree.

5. Is the Eighth Circuit decree a judgment that the trade-mark, in its general, *prima facie*, affirmative aspect, belonged to the Hellmans by prior appropriation? This is the interpretation claimed by defendants. The language in the body of the Circuit Court of Appeals opinion is consistent with that interpretation, but the last paragraph indicates that the two judges (only two sitting) did not unite in putting the decision on this ground. When we turn to the record for further light, we find, first, that the defendants' cross-bill claiming the trade-mark ownership was dismissed, and that the dismissal became final. If it had been even seriously contended by defendants that their early use of

the words was effective to vest a trade-mark right therein, surely there would not have been acquiescence in the dismissal of the cross-bill. It was apparent then, as now, that affirmative title to the trade-mark would have been of great value to defendants, if they could maintain that position. We find, second, that there was in the record practically nothing indicating that the Hellmans ever pretended to adopt or claim these words as their trade-mark. They stamped some barrels with the words "P. Crow" or "J. W. Crow"; but no person of this surname had ever been connected with the Hellmans. The Crow, or Old Crow, which, in 1863, had been manufactured in Kentucky for twenty years or more, was at least considerably known on the market. No reason has ever been suggested in this litigation, and we can think of none, why they should put this name on their barrels, unless they intended to indicate that the whisky was that made by Crow of Kentucky. Unless the selection of this name meant that it meant nothing. Witnesses for the defense frankly stated that in those years it was nothing unusual for jobbers or blenders of whisky to use well-known brands belonging to others, and that, if the initial of a proper name was changed, this was thought sufficient in morals to remove any objection to the appropriation. This may be the genesis of the otherwise unexplained use of "P." and "J. W."¹ The Hellmans also used advertising signs "Celebrated Old Crow Bourbon." From the record, we must doubt whether these signs antedated 1870. But if they did reach back to 1863, and if they referred to the blend or mixture which the Hellmans produced, it was neither "Celebrated," nor "Old," nor "Crow," nor, unless by chance, "Bourbon."² It was made by mixing colors and flavors with neutral spirits or high wines, or, sometimes, straight whisky; but, if the latter, it was whatever they happened to have on hand. Defendants' witness says, "Any brand would do." Records which seem to be complete show that during the seven years from 1863 to 1870 the Hellmans sold, of this "Crow" whiskey, an average of less than eight barrels per year.

¹ One of the stencils was "J. Crow-Bourbon-Paris, Ky."—a plain declaration that "Crow" was a maker's name, and not a Hellman trade-mark; and as there never was any "Crow" in "Paris, Ky.," the intent seems clear enough.

² Assuming that, at that date, "Bourbon" fairly meant a corn whisky from somewhere in Kentucky, even if not from Bourbon county.

In considering whether their use was of a trade-mark character, the peculiar nature of their business and their markings must not be overlooked. The brands or marks on whisky are usually those of the original manufacturer. The dealer or jobber may handle many well-known brands, and may mark his own name upon the packages or upon the advertisements; but this does not indicate that he claims the brands as his, or that he is acquiring a trade-mark right therein. While the stencils on the barrel and the glass signs carried the name "Hellman & Co.," they did not say "manufactured by," or that Hellman & Co. were manufacturers or distillers, nor were they in any way inconsistent with mere sale by Hellman as jobber of a well-known brand made by some one else. The thus described nature and character of the Hellman early use might not always be thought sufficient to initiate and support even a defensive right; but they were so regarded in the former decree, and it is immaterial whether we would independently reach that conclusion. It did there appear that the Hellman use thus began and continued for seven years before 1870, or four years before 1867, the earliest date to which, under the pleadings, plaintiff could then resort, and that after 1870 it continued, increasing somewhat, although remaining comparatively small, and continuing without challenge from plaintiff until 1904. It may well be that, even if plaintiff did not know of this use and acquiesce, it was legally chargeable with such knowledge and acquiescence for many years, and that in 1904 the use would have matured into a possession of which a court of equity would not deprive defendant. At any rate, we think that is the theory upon which the former decree should be considered to stand; and, accordingly, it adjudicates such defensive right and nothing more. As interpreted by Judge Lacombe in the *Baltimore Club Case* (*Carroll v. McIlvaine* [C. C. A. 2] 183 Fed. Rep. 22, at page 28, 105 C. C. A. 314), this right does not go beyond what has actually been "reduced to possession" by defendant, and does not extend to any whisky not mixed or blended, so as to be of the same general type as that which defendants had been making, or to trade or territory which they were not selling when that bill was filed. Such difficulties as there may be in drawing the exact line of its effect are not here involved, because the infringement here sought to be enjoined is in another

locality and of another character. This limitation—to blended whisky as distinguished from straight—thus imposed on defendants, is not inconsistent with our earlier holding that a trade-mark cannot be so divided. This limitation is not of the trade-mark right itself, but of the fraction thereof which has been lost.

6. The validity of plaintiff's registration under the act of 1905 is attacked upon two grounds: First, that the registration was forbidden by section 5, because the mark was identical with a "known trade-mark owned and in use by another and appropriated to merchandise of the same descriptive properties," viz., the Hellman trade-mark; and, second, that it would be invalid under that provision of section 21 which relates to certificates of registration fraudulently obtained.

We pass by the plaintiff's contention that the validity of registration cannot be collaterally attacked, but must be directly reached under the provisions of section 13, which provides for the cancellation of the certificate if it is made to appear that the registration was unlawful; and we do so because we conclude that the registration of a word capable of exclusive appropriation has no effect upon the substantive rights of the parties, excepting its evidential force to make a *prima facie* case of title. We find nothing in the act purporting to cut off or impair any substantive defense which would have been open to the defendant if there had been no registration, except in so far as it perhaps may affect the character of registrant's title to a descriptive word of a secondary meaning (*Nashville Co. v. Coca Cola Co.*, 215 Fed. Rep. 527, 529, 132 C. C. A. 39 [4 Trade Mark Reporter, 323]), and this effect is not now involved. If, then, the law does not otherwise indicate the intention to cut off or embarrass ordinary defenses by one who has not been heard in the registration proceedings, that intention cannot be inferred merely from the insertion of a provision by which a hostile party can secure the cancellation of a certificate and so destroy even its evidential force and its effect upon questions of jurisdiction as between different courts.

The first objection is that because the trade-mark "Old Crow" belonged to the Hellmans for use upon blended whisky, and because this is an article of the same descriptive qualities as plaintiff's straight whisky, the registration was forbidden. This objection

must fall, when it is found, as we have held, that upon the basis of the former decree the adjudication does not establish the ownership of the trade-mark by the Hellmans, but only a defensive right sufficient to protect them against the remedy then sought, and that, if we go behind the adjudication and into the facts, the Hellman right is not enlarged.

It is next said that the registration was "fraudulently obtained" because, before the application was made, the Eighth Circuit litigation had been finished, and yet the application falsely stated two things, the untruth of which had then been judicially established: (1) That the trade-mark had been continuously in use by registrant and its predecessors since 1835; (2) that no other person had the right to use the mark. The statement that the trade-mark had been in use since 1835 is not shown to be untrue to such extent and with such certainty as would be necessary to fix a fraudulent character on the application, within the meaning of "fraudulent" as used in this connection. The proof does not carry the use of the word back to a definite beginning. At Crow's death, in 1855, the name had been long used. No one undertakes to say how long. It was not important for plaintiff to prove that the use did extend back of say 1850, and defendant did not undertake to prove that the use did not go as far as 1835. The period between 1835 and 1850 was not important, either for the purpose of registration or for the purpose of this suit. It is true that the use was of a character analogous to a descriptive use, rather than a strictly trade-mark use, for a period which did not expire until an indefinite date, perhaps 1870, perhaps earlier; but this fact, with these surroundings, is plainly insufficient to make "fraudulent" the statement that the trade-mark had been continuously used since an earlier period.

The application says "that no other person * * * has the right to use the trade-mark." It had then been decided that, as against plaintiff's claimed exclusive right, the Hellmans could continue to use the words as they had been doing, viz., in their trade and territory and upon their blended product. The registrant thought to avoid this apparent conflict by limiting the registration to straight whisky only, and undoubtedly the application, when read together, is only a statement that no one else has the

right to use the words upon straight whisky. We have expressed our opinion that a trade-mark cannot be so limited; but we see no reason why an applicant may not, if he wishes, confine his registration and its effect to such classes or subclasses, of the article "of the same descriptive properties" as he may select,¹ or why he thereby necessarily abandons such rights as he may have to the use of the mark upon other subclasses of the same article. It is true that the jurisdiction in this case depends upon this registration; but the decree sought is confined strictly within the limitations of the registration, viz., it affects straight whisky only, and it is no concern of defendants if the registration might have been broader. The application, obviously, did not state the whole truth regarding the mark; but, as far as it stated anything in this respect, it was carefully accurate. It claimed only that exclusive right of use which remained unimpaired by the Hellman decree.

It is also said that the registration was fraudulent because the Hellmans' well-known interests were, by silence, concealed, whereby they were not summoned as adverse claimants, and lost their chance to be heard. The registration statute contemplates that adverse claimants, when known, shall have notice and an opportunity to oppose. There is little reason to doubt that this application was carefully so shaped as to avoid any necessity for such specific notice, and if the effect of the registration was to take away any right of use which the Hellmans actually owned, it might well be that any intentional failure to disclose facts which might give another the right to be heard, would be fatal to the proceeding; but, with due regard for the limited effect of the registration, there is no occasion for so strict a rule in determining "when the certificate is fraudulently obtained." Whatever new rights, of evidence or of forum, plaintiff was getting, were confined to its trade-mark used upon straight whisky; in that use, the Hellmans had no concern. Their failure to receive notice impaired no right of theirs; and it follows that the deliberate limitation and shaping of the registration so as to avoid conflict with their claims was not fraudulent, as against them or as against the public.

¹ *Kohler v. Beeshore*, 59 Fed. Rep. 572, 8 C. C. A. 215, *Richter v. Reynolds*, 59 Fed. Rep. 577, 8 C. C. A. 220, and *Pittsburgh Co. v. Diamond Co.* (C. C.) 85 Fed. Rep. 637, pertain to the word itself, not to its use.

We think the plaintiff was entitled to an injunction against the continuance of what defendants were doing, viz., using the names "Crow" or "Old Crow" in connection with straight whisky not made by plaintiff. Extending the injunction in the broad terms of the prayer of the bill might not only cause confusion with rights secured by the Eighth Circuit decree, but might go beyond our jurisdiction in this case. That jurisdiction is confined to protecting the class of merchandise specified in the certificate of registration, "straight Bourbon or rye whisky"; and if, upon the principles herein declared, plaintiff would be entitled to any broader measure of relief, this limitation of the injunction will not prejudice proceedings therefor in a court whose jurisdiction does not depend solely upon the registration. The difficulty of distinguishing between the results of defendants' wrongful use of these names as compared with the results of a rightful use make the case inappropriate for an accounting (*Ludington Co. v. Leonard* [C. C. A. 2] 127 Fed. Rep. 155, 157, 62 C. C. A. 269).

The decree below is reversed, with costs, and the case is remanded for the entry of a new decree consistent with this opinion.

On Petition for Rehearing

PER CURIAM. An application for rehearing points out certain supposed errors in the opinion, and their existence and effect should be considered:

(a) We assumed that the distinctions between straight whisky and blended whisky and their attendant market conditions had existed, substantially as at present, from the commencement of the period under consideration. Undoubtedly, this assumption somewhat colors the discussion in the opinion. This assumption is now said to be wrong, and our attention is directed to the decision of President Taft in the controversy arising under the Pure Food Law, and to its recital of facts in the trade history. This recital shows that prior to the Civil War, the greater part of all whisky sold in the usual retail methods had been, in different ways, purified and refined after leaving the original distiller, and had also been artificially colored and flavored—all by the methods then or later known as rectifying and blending. Only at about the time of the Civil War was it discovered that whisky, by aging

in charred barrels, could be satisfactorily refined and colored, and, in a sense, flavored, without any secondary treatment. Thus and then what is now called "straight" whisky first came into existence.

Upon a review of the opinion, we cannot see that its conclusions are seriously affected by this correction of our misapprehension. The sales of "Old Crow" whisky made before 1865 by the predecessors of Gaines & Co. would have been more largely to rectifiers and less to the consumer than we had assumed would be natural, and so much reputation as the name had would be more among rectifiers and less among the users; but this is only a matter of degree. It comes to saying that the standing and reputation which grew up with the name were more local and less widespread than would have resulted under present day conditions; and correcting this matter of degree according to the fact will bring no different result. Even if up to a given date, say 1867, rectifiers had been the sole purchasers of the distillery product, and had been the only class to whom the product was known as "Crow" or "Old Crow," this would not subject the growth and development of the trade-mark right to any different principles.

(b) The opinion, in a note, refers to the use by the Hellmans of the brand "J. Crow, Paris, Ky." This particular brand was in fact not used by the Hellmans, but by another rectifier in St. Louis. It may be noted, also, that at the same time (in the 60's) a Cincinnati house was marking some of its output "Crow."

This correction, and its resulting inferences, do not help the Hellman case. If it is improbable that such a name as "Crow" was adopted by one rectifier merely by chance, it is rather incredible that each of three rectifiers, in communities where Kentucky whiskies came to market, fortuitously hit on the same unusual trade-mark; and to find that in 1865 three dealers were using a name which had become at least somewhat known in a near-by center of original production many years before confirms the conviction that the name must have acquired reputation enough to make it worth taking, or else that it had become at that time indicative of a class or type of product.¹

¹ The latter seems to be the interpretation expressly adopted by the Eighth Circuit opinion in saying that the Hellmans at this period "employed these words as descriptive terms." (*Kahn v. W. A. Gaines & Co.*, 161 Fed. Rep. at page 502, 88 C. C. A. at page 437.)

(c) It is said we were in error in assuming that "Old Crow" had anything to do with the age of the whisky, but that, in fact, this word refers only to the age of the man, Crow. This may be so; but the same mistake would have been natural in the 60's to those who heard the name, but did not know of the man; and as to its effect on the trade-mark development discussed in the opinion, it would not be important whether the natural inference that "Old Crow" implied age in the whisky was the right or the wrong inference.

The petition assures us that there was no "implication of age in applying 'Old Crow' to the Hellmans' blended whisky," and that it was used as "Old Hickory" might have been. If so, the reference was to an individual; and as no man of this name or so-called appears ever to have been known, except the Glenn's creek James Crow, it would follow that the Hellman use must have been fraudulent.

(d) The opinion is criticized because we hesitated to accept, at its face value, the Hellman testimony regarding the extent of their Old Crow sales, the use of their advertising signs, etc., before 1867. There is a considerable volume of this testimony, but it consists almost wholly of unaided recollections of dates 40 years old; and it is that class of testimony which, by decisions familiar in patent cases, the Supreme Court has refused to accept. True, there is in a trade-mark case no initial presumption of validity to be overcome; but the principles for determining the evidential value of testimony cannot differ according to the subject-matter of the case.

(e) The petition points out that the opinion, after stating that the Hellmans appealed from the St. Louis decree dismissing their cross-bill asking affirmative relief, then erroneously states that they dropped this appeal "whereby whatever adjudication was carried by such dismissal became final." The facts are that the decree below directed an injunction against the Hellmans on the original bill and the dismissal of their cross-bill; that they appealed from each portion of the decree; that in the Court of Appeals their counsel announced that they would not ask affirmative relief, and the Court of Appeals did not consider that subject; and that the decree below was reversed, and a new decree was entered below

simply dismissing the bill. It is not of controlling importance in what technical situation this final dismissal left the rights claimed by the cross-bill. The persuasive thing is that the Hellmans abandoned any claim to relief on the theory that they had any trade-mark; and it is this conduct that helps to interpret the Eighth Circuit litigation, and tends to support our conclusion that such litigation should not be taken as an adjudication that the Hellmans had adopted and had become the owners of the trade-mark.

(f) The petition assumes that this court has made a new finding of facts inconsistent with the finding made by the Court of Appeals in the Eighth Circuit. Of course, if this assumption were true, our opinion would be wrong. We intended only to determine what was the real thing decided in the former suit, and so what was the thing adjudicated; and it became necessary to separate, as best we could, those conclusions of the court upon which its action was based, from those recitals of the judge writing the opinion, in some of which, at least, the other judge sitting apparently did not concur. Further than this we had neither the right nor the disposition to go.

The other criticisms which the petition makes on the opinion we have considered, and we think they are either based upon misapprehension or else are sufficiently covered by the opinion itself.

The application for rehearing is denied.

[There is nothing in the trade-mark law which requires that notice of application to register a mark shall be specifically given to other users of the mark (See p. 23), except that whenever application is made for the registration of a trade-mark which is substantially identical with a trade-mark appropriated to goods of the same descriptive properties, for which a certification of registration has been previously issued to another, or for registration of which another has previously made application, or which so nearly resembles such trade-mark or a known trade-mark owned or used by another, as, in the opinion of the commissioner to be likely to be mistaken therefor by the public, the commissioner may declare that an interference exists, a notice of which shall be sent to the interested parties (Trade-mark act of 1906, sec. 7). The only notice required by the registrant is the use of "Reg. U. S. Pat. Off." in conjunction with the mark (Id. sec. 28). See also note, p. 42, this issue.

THEODORE RECTANUS COMPANY V. UNITED DRUG COMPANY

(226 Fed. Rep., 546.)

*United States Circuit Court of Appeals**Sixth Circuit, July 20, 1915. On Petition for Rehearing,
November 2, 1915*

1. TRADE-MARKS—VALIDITY—MISREPRESENTATION OF ARTICLE.

A trade-mark for a medicinal preparation, which is admitted to be of some value for the purpose for which it is recommended, is not invalidated by the fact that the remedy will be injurious if taken in excess of the prescribed amounts.

2. TRADE-MARKS—OBLIGATION TO MAKE KNOWN.

The owner of a trade-mark is obliged, in a degree depending upon circumstances, to advertise his mark to the trade, so that the probability of the adoption by another of an infringing mark through ignorance will be reduced to a minimum. The failure to do this may constitute such laches as to estop the owner of the mark from asserting his rights against a later user.

3. TRADE-MARKS—REGISTRATION—EFFECT.

Registration, under the federal trade-mark act, is not expressly made notice of the rights claimed, and so it cannot as a matter of law be called a constructive notice; and yet that it in fact tends to give notice is well known.

4. TRADE-MARKS—ESTOPPEL.

The owner of a trade-mark who for more than fifteen years does nothing in any of the customary methods either by advertising or registering his mark to give either the trade or the general public knowledge of the claimed mark, is bound to know that others are likely to adopt or use the same mark in ignorance of his adoption thereof. Under such circumstances, the later appropriator of a mark may claim the protection of an estoppel, the effect of which, however, will be confined to the territory occupied at the time of his receiving notice of the rights of the first user.

5. TRADE-MARKS—INJUNCTION—TERRITORIAL LIMITATION.

Where a manufacturer adopts a mark and for many years makes no effort to extend the sale of the goods to which it is applied beyond a certain territory, and another manufacturer in ignorance of the rights of the first user adopts the same mark and applies it to goods of the like descriptive properties, which are sold in a territory well removed from the territory of the original appropriator of the mark, so that no confusion ever results, the original appropriator is not entitled to an injunction restraining the later claimant from his use of the mark within the territory where it has been so long used.

Appeal from decree of the District Court of the United States for the Western District of Kentucky in favor of plaintiff. Reversed and remanded.

For the opinion of the court below, see 3 Trade-Mark Reporter, 444.

About 1877, Mrs. Regis, living in Haverhill, Mass., compounded a medicine which she considered useful for dyspepsia and some other disorders, and as a distinguishing name therefor she devised or adopted the word "Rex." She

used this word in window signs, and marked it upon the boxes and packages put on the market, and it is not to be doubted that the word became her trade-mark. Under the name of "E. M. Regis & Co.," she continued the business, although in rather a small way. In 1898 she registered the word as a trade-mark under the laws of Massachusetts, and in 1900 procured registration in the United States Patent Office. In 1904 her exclusive right to the mark was adjudicated, by the Supreme Judicial Court of Massachusetts, in a suit which she had brought against the United Drug Company, a Massachusetts corporation, which was managing a chain of drug stores throughout the country known as the "Rexall Stores" and selling "Rexall" remedies. (*Regis v. Jaynes*, 185 Mass. Rep. 458, 70 N. E. 480.) She also established her priority in the mark as against the United Drug Company in a contested proceeding in the United States Patent Office. Thereupon the United Drug Company purchased and has since carried on her business, and purchased also in that connection the right to the trade-mark. In 1912 the United Drug Company filed in the court below its bill of complaint against the Rectanus Company of Louisville, and some of its officers, all citizens of Kentucky, alleging infringement of this trade-mark by the sale at Louisville of a medicine advertised and marked as the "Rex Blood Purifier." On final hearing, a decree was rendered for the United Drug Company, and the Rectanus Company appeals.

C. B. Blakey, of Louisville, Ky., for appellant.

L. A. Janney, of Boston, Mass., and *Alexis C. Angell*, of Detroit, Mich., for appellee.

Before KNAPPEN and DENISON, Circuit Judges, and SATER, District Judge.

DENISON, Circuit Judge (after stating the facts as above):

1. It is not denied that, in the Massachusetts litigation against Jaynes and the United Drug Co., Mrs. Regis' claim to the trade-mark was earnestly contested and that every available defense was presented. The opinion of the Supreme Judicial Court of Massachusetts and the testimony in the present record alike impel us to the conclusion that her claim of prior right is thoroughly established, and that before 1880 she had so adopted and so used the word that her title thereto as a trade-mark—and with all the incidents of a common-law trade-mark—was perfected.

The difficulties in this case arise from the fact that Theodore Rectanus, the business predecessor of the defendant corporation, undoubtedly adopted and used the same word as a trade-mark upon a medicinal compound. He began this use about 1883, and it is safe to say that, as early as 1885, he had used the mark so considerably in Louisville that—save for Mrs. Regis' prior adoption—it clearly would have become his rightfully exclusive trade-mark. This adoption by Rectanus was in good faith, and its use was continued without intermission by him and his corporate suc-

cessor, and without challenge of any kind from any one, from before 1885 until 1912—a period of at least twenty-seven years. The real problem in this case is how these conflicting rights and their dependent equities shall be respectively treated.

2. The defendant contends that there is no infringement, because the Regis article has always been put up in pill or tablet form, and was originally, and until after the Rectanus rights had been initiated, labeled and advertised only as a dyspepsia cure, while the Rectanus article has always been put up in bottles and liquid form and called a blood purifier. To this contention the plaintiff replies that, both articles being intended to have medicinal effect through the stomach and digestive organs, with similar ultimate result, they are “of the same descriptive properties,” and that, therefore, a trade-mark, valid for one, must extend to the other. In view of the result otherwise reached, it becomes unnecessary to pass upon these contentions, and for the purposes of this opinion we assume that such infringement exists as requires us to consider the further questions.

3. The validity of the trade-mark is attacked, because it is said that the article is useless or harmful, and that putting it on the market as a remedy is fraudulent. The proofs do not sustain this contention. It has as its basis an element which was once commonly prescribed for some digestive troubles, and which is still prescribed by some physicians. The expert witnesses agree that it may do some good along the line of its advertised benefits, and there seems to be no substantial reason to think that it will be injurious, unless it is taken in too great quantities. If the fact that an excessive amount is harmful were to condemn an article as fraudulent, many useful remedies would suffer.

4. The District Judge thus clearly stated the final difficulty:

“In our broadly extended country, the separate and independent use of these two trade-marks ran along contemporaneously in widely separated localities, without either of the parties most interested knowing what the other was doing, until comparatively a few months before this action was brought. The judgment in this case, we think, must necessarily work a hardship upon one or the other of the parties, and possibly upon both.”

The demand of the Drug Company for an injunction against Rectanus rests upon the proposition that a trade-mark right once acquired is exclusive, and extends at least throughout all places

subject to the laws of the United States. This is a proposition often expressed in one form or another and formulated in the text-books. (*Hopkins on Trademarks*, §§ 10, 13.) District Judge Baker, in *Church v. Russ* ([C. C.] 99 Fed. Rep. 276, 279), said:

"It is commonly said that there is a right of property in a technical trade-mark, and an infringement is spoken of as a violation of a property right. Whether this view be correct or not is quite immaterial, because it is universally agreed that some of the rights which are incident to property do inhere in a technical trade-mark."

In *Lawrence v. Tennessee Co.* (138 U. S. 537, page 548, 11 Sup. Ct. 396, page 401 [34 L. Ed. 997]), the Supreme Court said:

"The jurisdiction to restrain the use of a trade-mark rests upon the ground of the plaintiff's property in it, and of the defendant's unlawful use thereof."

Based upon this theory of a property or equivalent right perfected by adoption, or by adoption and use, it may follow logically enough that a later appropriator is a trespasser, and should be suppressed, even though, at the time of the later appropriation, the prior claimant of the mark had not extended his trade into the defendant's territory. That there had been no actual conflict of trade, and so no present injury, is not of itself a sufficient answer to the claimant's demand, because by defendant's conduct there is a threat or certainty of future injury to the naturally increasing trade and custom of the plaintiff. There can be no fixed standard of this normal expansion, and we are not called upon to declare any standard for other cases. It is clear that there may be instances where the plaintiff's delay to carry his trade into a particular territory has been so inconsistent with the ordinary conduct of business as to amount practically to an abandonment or disclaimer of that territory; and if in such case it has come about that with the express or implied knowledge of plaintiff another has occupied the territory in ignorance of any claim of prior right, and so has been misled into a large expenditure in building up a business, we have not merely that laches which make a court hesitate to enforce the prior right, but that estoppel which forbids such enforcement. Even at law, the statutes of adverse possession recognize that plaintiff, with good title to an estate, may lose the right to recover that part of it which he permits an adverse claimant to occupy for too long a time; and there are many familiar instances where courts

of equity are moved by the principles of laches or of estoppel to deny specific relief to one whose general or original title is broadly good.

We must classify this case as one of those to which we have just referred. Conceding to Mrs. Regis and her successor the broad or the *prima facie* original exclusive right to the mark, and conceding, without deciding, that no particular standard of diligence should be enforced against them in the matter of expanding their trade over the country, we find much more than lack of diligence; we find complete indifference. If we take the year 1900 for comparison, we see that, for more than 15 years, Rectanus had been using the mark in his own trade, had expended probably several thousand dollars in making the mark well known, and had established a considerable, although local, business in Louisville and vicinity. His excursions outside of that local field are too inconsiderable to have importance. Although an active druggist, familiar with the literature of the trade, he had never heard of Mrs. Regis' remedy or of her trade-mark. On the other hand, during more than twenty years after the adoption of the mark, Regis & Co. had then done nothing whatever to make it known outside of the New England states, save sporadic sales in territory practically adjacent to those states. So far as Kentucky was concerned, they sent no salesmen there and did no advertising whatever intended to reach that territory. They had registered the mark in Massachusetts, thus getting the local effect of the state statute; but not until 1900 did they indicate by registration in the Patent Office that they claimed an interstate trade-mark. Speaking practically, they confined to one corner of the country their trade and their efforts to get trade. This might not be important, if it had characterized their conduct for 1 or 2 years, or some other short period, or if it could be said that they were merely awaiting a natural development. Such absolute disregard of the Kentucky territory for twenty years indicates rather more than indifference, and they were bound to know that others were likely to act upon the assumption that the field was open and that their silence would mislead any one who did act in reliance on that assumption.

The compelling equity in the position of defendants, situated as Rectanus is, has in several instances led courts of equity to refuse an injunction in aid of the first adopter of the mark; and

sometimes in so doing they have seemed in some degree to reject the general principle that the right is exclusive and belongs to the one who first adopts and uses. We are not called upon to decide how far the force and effect of this principle usually go; each case beyond its reach, whether by negation or by exception, depends upon particular facts; and each one of the decided cases which has been brought to our attention can be reconciled with, and perhaps should be considered as standing upon, the theory which we have stated, viz., that, even if we concede to the first appropriator of the mark the *prima facie* right exclusive against all others and everywhere, courts of equity will not enforce it where the rules of laches or estoppel make such enforcement unjust, and that in such case the original owner does not lose his general right, but only the power of enforcing it, in a particular territory, against a specified person and to the extent that plaintiff has acquiesced.

Some of the language of the opinion of the District Court in *Carroll v. McIlvaine* ([the "Baltimore Club" Case] § 171 Fed. Rep. 125), seems to indicate that the trade-mark right may not go beyond the extent to which plaintiff has actually taken possession of the trade; but when the case came to the Circuit Court of Appeals of the Second Circuit (183 Fed. Rep. 22, 105 C. C. A. 314) it was distinctly held that Carroll, by prior adoption, had acquired the better right to the trade-mark, and the refusal to enforce it against McIlvaine in the territory occupied by him was put solely upon the ground of laches which amounted to an estoppel. In *Macmahan Co. v. Denver Co.* ([C. C. A. 8] 113 Fed. Rep. 468, 51 C. C. A. 302), it appeared that while the word involved, "Antiphlogistine," might be capable of appropriation as a trade-mark, the plaintiff's use of the word had been so trifling in amount and so exclusively confined to single and small classes of customers that there had not been a sufficient appropriation to create in the plaintiff the normal, full, and exclusive trade-mark right in the word as applied in a broader field. The substantial decision was that, in fact and in law, plaintiff never acquired the trade-mark right. The case, on its facts, was an obvious effort by a former officer of defendant to destroy what he had sold, and the result reached was plainly the right one. In *Hanover Co. v. Allen Co.* ([C. C. A. 7] 208 Fed. Rep. 513, 125 C. C. A. 515 [3, Trade Mark

Reporter, 521)), it appeared that plaintiff adopted "Tea Rose" as a trade-mark for flour in 1872. It had sold its flour only in states north of the Ohio river, and in the Southeastern states it had, apparently, up to the time of commencing suit, been selling its flour only under other trade-names. The defendant had adopted the same name, in 1893, without knowledge of plaintiff's prior use, and from 1894 until suit commenced, probably 1912, it had been pushing its trade under that name in the Southeastern states, and built up a large business, so that, in the flour trade in that territory, the mark had come to mean defendant's flour and nothing else. An injunction was refused as against this particular Southeastern trade. The opinion rests, to some extent, upon the idea that a trade-mark is wholly and merely pertinent to an existing trade, that it cannot be enforced beyond the field which is already occupied by that trade, and that, outside of that field, a later comer may acquire rights in the same trade-mark; but it is not necessary so to interpret the opinion. Plaintiff, while using the trade-mark for forty years, had kept it out of the Southeastern territory, and it would be difficult to distinguish such indifference from a positive abandonment; the defendant, without objection and to an extent which would have brought notice to plaintiff, if plaintiff had been claiming rights there, had been for eighteen years using the mark in promoting its business in that territory; even when suit was commenced, plaintiff had no trade which was or could be injured by defendant's act; in that territory it had only expectation or possibility that it might some time acquire such trade; and, on these facts, it might well be said that plaintiff was not entitled to aid from a court of equity.¹

Our conclusion is that, on the facts of this case, plaintiff was not entitled to the injunction sought. We decide nothing further. Whether Rectanus has any affirmative right whatever, as distinguished from the merely defensive one which we have considered, and whether that defensive right extends to the use of the mark upon any article, excepting where, as in the case of the blood purifier, that use had continued so long without challenge as to raise an estoppel—these questions are not involved. We now hold only, as the Court of Appeals in the Second Circuit did in the *Baltimore*

¹ Upon the subjects of laches and estoppel, see, further, *Sazlekner v. Eisner Co.* (179 U. S. 19, 21 Sup. Ct. 7, 45 L. Ed. 60.)

Club Case, and as we think the Court of Appeals in the Eighth Circuit did in *Kahn v. Gaines* (161 Fed. Rep. 495, 88 C. C. A. 437 [see our discussion of this case in *Gaines v. Rock Spring Co.*, 226 Fed. 531, this day decided]), [6 Trade Mark Reporter, 10], that the defendants may continue to do the thing at which the suit was directed—in this instance, use the word “Rex” upon and in connection with their blood purifier.

It follows that the bill of complaint must be dismissed, and for that purpose the decree is reversed, and the case is remanded, with the costs of this court to appellant.

On Petition for Rehearing.

The petition for rehearing urges us to reconsider the conclusion that plaintiff's valid trade-mark is not entitled to full protection by injunction against Rectanus. It is said that our opinion is without precedent, in that it finds that plaintiff owns a valid trade-mark and has moved promptly after having actual knowledge of the infringement and yet refuses relief; in other words, and using the nomenclature of the petition, it is said that an injunction in a trade-mark case has never been denied on the ground of “estoppel by negligence,” and the petitioner's counsel think that the adoption of such principle is in serious conflict with established trade-mark law and will lead to very unfortunate practical results.

We did not originally fail to appreciate that our conclusion was without specific precedent, and we then gave what consideration we could to the matter of practical results; but we were without the aid now given by the thorough presentation found in the petition. The arguments now presented and the novelty of the question justify some further discussion.

It is settled that injunction against future trade-mark infringement may not be denied because of the mere laches of plaintiff (see cases *infra*); and it must be conceded that the record here discloses no actual knowledge by Mrs. Regis or her successors of the fact that Rectanus was using the mark until they acquired such knowl-

¹ By this phrase meaning that estoppel which at last rests, not upon a trade-mark owner's actual knowledge of the use by the person afterwards made defendant, but rather upon a knowledge imputed to the owner because of his indifference and neglect.

edge shortly before suit brought. Since, in order to raise an estoppel in pais, it is essential that one party shall do some act, or neglect some act, and that the other party, in reliance on such doing or neglecting, shall change his position so as to import prejudice if the first act or neglect is repudiated, it follows that our conclusion of estoppel cannot be maintained unless it shall be assumed that Mrs. Regis was guilty of some neglect toward the public or toward the class of which Rectanus was a member, and that Rectanus, because of that neglect, has changed his position.

It is true there can be no neglect, unless there is a duty; but these are relative terms. There can be no absolute duty resting on one who adopts a trade-mark to bring it at once to the attention of everybody. Such duty as there may be in this direction must rest upon the obligation of the one adopting to realize that, in the absence of a widespread knowledge of the existence of his claim to the mark, others will be likely to adopt it and spend their money in its promotion in their own interest. This obligation must be as variant in degree as are the circumstances of each case from those of another case; but we cannot doubt that, under present-day conditions, there are cases in which some measure of such obligation does exist. Formerly, the number of competing traders in a given line—and, hence, the probability that another would hit upon the same trade-mark—was slight as compared to that number and that probability now; and formerly the means by which a trade-mark owner could spread general knowledge of his claim were comparatively ineffective, and the trade customs which now make it so much a matter of course for trade-marks to be put before the public the country over, were largely nonexistent. Mrs. Regis and her successors used as a trade-mark a word which, though not descriptive in the forbidden degree, was yet so far suggestive of quality that its adoption by others was as likely as its choice by her had been natural. From 1883 (when Rectanus' use began), until now, it has been true that a small expense in trade journal advertising enables the trade-mark proprietor to put his article and its name before the entire trade; and the custom of so doing has been well-nigh universal. As business methods and business customs change, so change the fact standards of reasonable prudence and care in guarding business rights.

Mrs. Regis, at least prior to 1900, made no appreciable effort to extend her trade or her mark beyond Massachusetts; the instances of sales beyond that field are almost negligible.¹ She advertised in no journal. She employed no outside solicitors. Knowledge of the remedy and its name did not spread, save as one user told another, and save as she and one or two others canvassed from house to house in a few Massachusetts towns. Until 1898 she did no act adapted to give any general notice of her claim; and the act then done—the state registration—was, of course, confined in its effect to that state (chapter 72, Rev. Laws Mass.). In 1900 she registered in the Patent Office, and then, for the first time, clearly disclosed her claims to a country-wide trade-mark.

Registration under the federal Trade-Mark Act is not expressly made notice of the rights claimed, and so it cannot, as matter of law, be called a constructive notice; and yet that it in fact tends to give notice is well known. The substance of the registration is published in an official journal. This published list is regularly scrutinized by many manufacturers and dealers; and it is common practice for any one proposing to adopt a trade-mark to have a search made in the classified lists of registrations in order to determine whether the proposed mark has been already appropriated. The application for registration itself shows that a use which may have been indefinite or fugitive has grown and developed into a definite claim of right, covering interstate and foreign commerce. It may well be that either a federal registration or some suitable advertising would, in a particular case, be notice enough to the public of which the defendant was a member, so that every obligation of fairness resting on the claimant would be satisfied, and so the defendant would have no basis to say that he had been both innocent and diligent while the claimant had been careless and indifferent in creating the situation tending to make an estoppel. These questions are not presented; nor is it necessary to say that at any particular time Mrs. Regis became charged with any particular degree of duty to make her claim generally known.

¹ Mrs. Regis sent a few boxes into Maine, New Hampshire, Vermont, and New York. She sold a few which the buyers were to send to Canada or Virginia. No one of these is fixed as before 1900; all may as well have been, as the business reached its largest volume shortly before she sold out in 1910.

It is enough to say that in (e. g.), 1895, at the end of more than 15 years of this policy of doing nothing in any of the customary methods to give either the trade or the general public knowledge of the claimed trade-mark, Mrs. Regis was bound to know that others would be likely to adopt or to be using the same word in ignorance of her appropriation, and to be making investments therein. If she was bound to know this, it must be conclusively presumed that she did know it; Rectanus' continued investment from 1895 to 1900 in exploiting what he thought was his trade-mark, makes a satisfactory case of estoppel; and 10 or 12 years more of indifference to other than comparatively local trade, after the 1900 notice, accompanied by defendant's continued expenditure, does not weaken the defense. It is, perhaps, not accurate to say that she is conclusively presumed to know what she was bound to know, but the distinction is here immaterial. One is bound to know the law, and so is bound to anticipate the results which, by law, must follow from his acts; and it would seem that others who rely upon the knowledge and intent so presumed could claim the protection of an estoppel just as much as if the knowledge and intent had been actual.

We cannot join in counsel's apprehension that from this principle serious harm will come to trade-mark owners. We carefully refrained, in this opinion and the accompanying opinion in *Gaines v. Rock Spring Co.* (226 Fed. Rep. 531 [6 Trade Mark Reporter, 10]), from deciding what degree of diligence, if any, by the trade-mark owner in exploiting his claims, was necessary to protect him from losing, in this way, a fraction of his trade-mark right. Only in an extreme case would a court reach the conclusion which we here reached. The trade-mark owner, prosecuting and exploiting his business in the ordinary way, can have nothing to fear from the rule of the opinion. Not only will the cases, where this situation arises, be rare, but only in a fraction of those cases will there be practical difficulty in determining the conflicting rights of the general owner and the one who must be left in the possession of what he has taken. Such difficulties as may develop we must think to be a lesser evil than it would be to permit plaintiff, by asserting a prior right, to destroy that which had been built up in the reasonable belief, induced by plaintiff's conduct, that no such prior right existed.

Of course, it is not necessary to the theory of estoppel that the one claiming it should have acted upon an affirmative misrepresentation. It is enough if he has acted as he would not have done if he had known the truth, and if the one against whom the estoppel is claimed kept silent when he should have spoken.

So much by way of reference to the principles, the proper application of which must control this case. We turn now to the decided cases, and the discussion of them in the petition. Those cited in our opinion, so far as petitioner's counsel think they give color of support to the conclusions of the opinion, are sought to be distinguished on one or the other of two grounds. It is said that the finding of an estoppel, where that result has been allowed to defeat a valid trade-mark (as in the *Baltimore Club Case* 183 Fed. Rep. 22, 105 C. C. A. 314, in the Circuit Court of Appeals) has been based on actual knowledge by plaintiff that defendant was using the mark and on plaintiff's acquiescence after such knowledge. In the case just cited, this is true; but it is difficult to distinguish between the effect of knowledge proved in fact and knowledge imputed by law. A doubtful inference is not so satisfactory as clear and direct proof; but, when once the inference is drawn, the fact is established. We must doubt whether the result in the *Baltimore Club Case* would have been different if it had appeared only that plaintiff had done nothing for 20 years toward extending his trade-mark beyond Baltimore; that plaintiff had been indifferent as to what was done in New York; that any ordinarily vigorous pushing of plaintiff's business, at any time for twenty years, would have disclosed defendant's use; and that the mark consisted of such a quasi descriptive or suggestive word as to be rather likely to be selected by others. We think that case differs from the present, not in principle but in degree.

Nor can we think that the presence of actual competition between the parties at the time suit is commenced is the sole criterion by which cases are to be distinguished, as the petition urges with reference to *Hanover Co. v. Allen Co.* (208 Fed. Rep. 513, 125 C. C. A. 515, supra [3 Trade Mark Reporter, 521]). Whether the ground of the defense be laches or estoppel, if the defense is good to-day, it does not seem that it can be bad next week, merely because in the meantime plaintiff first brings in and offers for sale his

goods in the local territory where defendant is established. If so, then neither defense could ever avail, because plaintiff could always delay bringing suit for a few months or a year and until after he had come in and was selling some goods in defendant's territory—which is practically what happened in this case.

The insistence of the petition that our opinion runs counter to settled principles is based chiefly on *McLean v. Fleming* (96 U. S. 245, 24 L. Ed. 828); and *Menendez v. Holt* (128 U. S. 514, 9 Sup. Ct. 143, 32 L. Ed. 526). In the former case, plaintiff's acquiescence and delay were held sufficient to bar an accounting, but not to prevent an injunction; but it clearly enough appeared that defendant's actions had not been innocent. He had been fully aware of plaintiff's right to the marks and labels, and he had copied them as closely as he dared. His contention was that he had not infringed; but he had always known that if he was wrong in this contention his conduct was unlawful. The element of good-faith expenditure by defendant in building up a business on a mark which he had a right to suppose was his, is wholly lacking in *McLean v. Fleming*. Without that basis, there could be no estoppel; and so the case has no bearing upon the latter question. In *Menendez v. Holt*, there was the same situation. Defendants were using the mark under Ryder, who had formerly been in partnership with plaintiff in the business to which the mark is incidental, and it is clear that defendants made no claim that they had been ignorant of plaintiff's rights. They had taken their chances on the validity of the trade-mark and the sufficiency of plaintiff's title. Surely there could be no estoppel; and so the court expressly says. (128 U. S. on page 524, 9 Sup. Ct. 143, 32 L. Ed. 526.) The plaintiffs had always been diligent in giving notice, and the defendants had never been innocent.

Reliance is had, also, on the two *Hunyadi-Janos Cases* (in 179 U. S.)—the *Eisner Case* (179 U. S. at pages 19, 39, 21 Sup. Ct. 7, 45 L. Ed. 60), and the *Siegel-Cooper Case* (179 U. S. at page 42, 21 Sup. Ct. 16, 45 L. Ed. 77). In the *Eisner Case*, the conclusion reached seems to have depended on the theory of unfair competition, and not on that of trade-mark infringement. The title to the word "Hunyadi," as a trade-mark, was held to have been lost; but the characteristic red and blue label was protected against

fraudulent simulation. Not only was the original ground of relief found to lie in defendant's fraud, but perhaps for the same reason only the defense of laches was overruled. In the *Siegel-Cooper Case*, it appeared that defendant was merely a retailer under purchases made from the Eisner Company, and that the Eisner Company was the actual defendant. Perhaps it was inevitable that the case should have the same result as the *Eisner Case*; and yet it is not quite clear why, in the latter case, relief should have been denied on the ground of trade-mark infringement and given on the ground of fraud, and in the *Siegel-Cooper Case* the absence of any fraudulent intention by defendant should have been held immaterial, and on the authority of strict trade-mark cases; but, whatever may be the proper view of the *Eisner* and *Siegel-Cooper Cases*, they do not militate against the defense of "estoppel by negligence" in a proper case. Not only did neither defendant claim an estoppel, but the Eisner Company could not have done so because estoppel cannot be based on fraud, and the Siegel-Cooper Company could not have done so because it had made no expenditures based upon its belief in its own title to the subject-matter, nor was it ignorant of plaintiff's claim.

We are cited, also, to several decisions in patent cases (of which *Taylor v. Sawyer Co.* [C. C. A. 3] 75 Fed. Rep. 301, 22 C. C. A. 203, and *Ide v. Trorlicht* [C. C. A. 8] 115 Fed. Rep. 137, 53 C. C. A. 341, are typical) to the effect that an injunction against the continuation of a patent infringement will not be denied because of equities which have arisen in defendant's favor through plaintiff's indifference or delay. These cases usually themselves save the question of a possible estoppel; but suits upon a patent and a trade-mark present, in this respect, a very imperfect analogy. A patent is an absolute monopoly; the patentee is under no obligation to work the patent; he has received a grant of a right to exclude all others unconditionally and entirely; and all others have constructive notice of his rights. With reference to a trade-mark, the monopoly is only incidental to an existing business; unless the business is prosecuted, the right is lost; there is (at least lacking registration) no constructive notice to others; others have a right to appropriate the mark to themselves, if plaintiff stops using it. Obviously there is in trade-mark cases much more room than in patent cases for a

defendant to acquire, on the theory of estoppel, a right which a court of equity will protect.

A study of these cases, as well as of the others presented, has not convinced us that our conclusion was mistaken, and the petition for rehearing is denied.

It should be understood, as was more fully stated in the "Old Crow" Case, that such an adjudication as is here directed is confined in its effect to the territory which the Rectanus Company had reached and was occupying to a substantial extent when it received notice of plaintiff's claims. How far, if at all, it may promote an increase or accept a natural increase constitutes one of the "difficulties which may develop" from conflicting rights, as specified in a previous paragraph, and which we do not undertake to consider.

[The question of territorial limitation of trade mark rights is now before the United States Supreme Court in the litigation of the Hanover Star Milling Co. The opinions of the United States circuit court of appeals in the Hanover cases will be found in earlier issues. An extensive note on the subject of territorial limitation of trade mark rights will be found in connection with the later of these opinions (3 Trade Mark Reporter, pp. 269, 521, 535). The argument of these cases in the Supreme Court was heard several months ago and they now await decision.

The conflict of the case here reported with the decision of the Supreme Judicial Court of Massachusetts in the Rex case (*Regis v. Jaynes*, 185 Mass. 458), is evident.]

ALUMINUM COOKING UTENSIL CO. v. NATIONAL ALUMINUM WORKS

(226 Fed. Rep., 815.)

United States District Court

Western District of New York, September 14, 1915

1. TRADE-MARKS—DESCRIPTIVE WORDS—SECONDARY MEANING.

A word or mark which is descriptive of the character or quality of the goods upon which it is applied, is entitled to protection from imitation or appropriation through use in connection with like goods by another, provided it has acquired a secondary meaning, indicating origin and ownership of the articles to which it was originally applied.

2. TRADE-MARKS—INFRINGEMENT—SIMULATION.

The word "Everlasting," applied to aluminum ware, does not infringe the trade-mark "Wearever" for the same goods, since, although both suggest durability, the former does not so closely resemble the latter in appearance and sound as to deceive the purchasing public. When, however, the word "Everlasting" is used in connection with the word "Ware," it is an unlawful simulation of the trade-mark "Wearever" or "Everwear" and undoubtedly causes confusion, and therefore causes injury to the owner of those marks.

3. UNFAIR COMPETITION—EVIDENCE OF INJURY.

In a suit for unfair competition, it is unnecessary to show actual deception; it is sufficient if it be shown that the probable result of the use of the defendant's label will be to deceive the ordinary purchaser.

In Equity. Decree for plaintiff.

Kay, Totten & Powell, of Pittsburg, Pa., for complainant.

Stanchfield, Lovell, Falck & Sayles, of Elmira, N. Y. (*Alexander D. Falck*, of Elmira, N. Y., of counsel), for defendant.

HAZEL, District Judge: This action in equity was brought for unfair competition in trade and to restrain the defendant, the National Aluminum Works, from using complainant's trade-mark, adopted in 1903 and registered in August, 1905, consisting of the arbitrary word "Wearever," commonly used in the hyphenated form "Wear-Ever," and applied to the manufacture and sale of cooking utensils made of aluminum, and particularly to restrain the defendant from applying the trade-mark "Everlasting," or "Everlasting Ware," to the latter's aluminum cooking utensils.

The first question is whether complainant's trade-mark is descriptive of the character, ingredients, or quality of the product to which it is applied, for, if so, its exclusive appropriation by complainant is not permissible.

The Compiled Statutes (title 60, chapter 2, section 9490) prohibit the registration of a trade-mark consisting of words or devices which are descriptive of the grade or quality of the articles upon which they are used. But, according to the adjudications, a word or mark, even though descriptive of the character and quality of the goods, which has not been previously used in connection with like goods, may nevertheless be entitled to protection, provided it has acquired a secondary meaning indicating origin and ownership of the articles to which it is applied; and if it is appropriated or closely imitated by another in connection with like goods, a presumption arises therefrom of an intention on his part to deceive the public. (*United Lace & Braid Mfg. Co. v. Barthels' Mfg. Co.*, 221 Fed. Rep. 456 [5 Trade Mark Reporter, 473].)

In support of complainant's contention that its trade-mark "Wearever" is valid, and not merely descriptive, *Holeproof*

Hosiery Co. v. Wallach Bros. (172 Fed. Rep. 859, 97 C. C. A. 263), decided by the Circuit Court of Appeals for this circuit, is principally relied upon. There is manifest similarity between the two cases. "Holeproof," as applied to hosiery, was considered to have acquired a secondary meaning by reason of extensive advertising and large sales during many years, a meaning indicating the manufacturer, and not that the hosiery was indestructible, and was therefore held to be nondescriptive. In *N. Y. Mackintosh v. Flam* (198 Fed. Rep. 571 [2 Trade Mark Reporter, 324]), Judge Holt considered a similar contention, namely, that the arbitrary word "Bestyette," as applied to waterproof capes, was invalid, in that it was descriptive; and he held that, while it was descriptively suggestive, it was nevertheless valid because of its peculiar spelling and the impression produced thereby, but was not infringed by the word "Veribest," applied to a similar garment. So in the present case the word "Wearever," or its hyphenated form, although expressive of durability, is also distinctive and entitled to protection from imitation by others dealing in a similar commodity.

I do not, however, think that defendant's trade-mark "Everlasting" infringes the trade-mark "Wearever," for, although it also suggests durability, it does not so closely resemble the word "Wearever" in appearance and sound, when applied to cooking utensils, as to deceive an intending purchaser into believing that he is buying complainant's goods when buying defendant's, notwithstanding that the purchaser might perhaps be misled by the similarity in the shape of the utensils, and so does not warrant disposing of the action on that ground. In reaching this conclusion I was influenced by the decision in the "Bestyette" Case, wherein the word "Veribest," which expresses the same idea as "Bestyette," was held not to infringe. In *Elliott Varnish Co. v. Sears, Roebuck & Co.* (221 Fed. Rep. 797 [5 Trade Mark Reporter, 306]), Judge Sanborn, however, held that the words "Roof Leak," as applied to roof paint, constituted a valid trade-mark, and were infringed by the words "Never Leak," used in connection with the same commodity. But I prefer to decide the case on the unfair competition claim, with regard to which I am of a different opinion.

Defendant's trade-mark "Everlasting" is used by it in con-

nection with the word "Ware," and in this form simulates the trade-mark "Wearever," or "Everwear," as the proofs show it was sometimes called, and tends to deceive buyers into buying defendant's ware. I have no doubt that it also creates confusion, which the use of the eagle and shield, together with the stamping of the corporate name on the ware, does not obviate. The defendant's ware is inferior in workmanship and of a lighter and cheaper grade than complainant's, and, in view of the reputation built up by the latter for producing a strong and durable grade of ware, the attempt by the defendant to palm off on the public its cheaper and lighter goods by so close an imitation of the complainant's registered trade-mark as the use of the word "Everlasting" in connection with the word "Ware" conspicuously displayed thereon, is injurious to the complainant and unlawful. *Scriven et al. v. North et al.* (134 Fed. Rep. 366, 67 C. C. A. 348).

The defendant urges, however, that the action must nevertheless be dismissed, as it has not been shown that any one was actually deceived. There is no evidence, it is true, that the defendant or its dealers have actually palmed off its wares for those of the complainant (although there was evidence of untruthful statements and unfair comparisons by dealers in connection therewith); but I think the similarity in dress, due primarily to the fact that the words "Everlasting Ware" closely resemble the words "Wearever" and "Everwear," gives rise to the inference that the defendant intended to have its goods accepted by the buying public for complainant's. If the defendant had distinguished its products by the use of simply the word "Lasting," or some other word, omitting the words "Ever" and "Wear," there would have been no unlawful imitation on its part of complainant's goods; but, assuming that there was no actual intention on the part of the defendant to deceive the public, it has, as the evidence shows, placed in the hands of dealers a means for misrepresentation as to the quality of its goods, and therefore I think the case falls within the decision of *Notaseme Hosiery Co. v. Straus et al.* (201 Fed. Rep. 99, 119 C. C. A. 134 [3 Trade Mark Reporter, 87]), wherein the Circuit Court of Appeals for this circuit held that in a suit for unfair competition it is unnecessary to show actual deception; that it is sufficient if the proofs show that the actual and probable result of

the use of defendant's label will be to deceive the ordinary purchaser making purchases in the ordinary way.

There has been no undue delay, as contended, in bringing this action, nor such acquiescence by the complainant as to bar an injunction.

A decree, with costs, in accordance with this opinion may be entered.

**MATERIAL MEN'S MERCANTILE ASS'N LTD. v. NEW YORK
MATERIAL MEN'S MERCANTILE ASS'N INC., ET AL.**

(155 N. Y. Supp. 706.)

New York Supreme Court

Appellate Division, First Department, November 12, 1915

1. TRADE-NAMES—INFRINGEMENT—CORPORATE NAMES.

A corporation which for a long period of time, has conducted its business and become known to the trade by a certain name, is entitled to protection against the incorporation of, and competition from a rival, under a name so similar as to be likely to mislead the public.

2. TRADE-NAMES—INFRINGEMENT—UNFAIR COMPETITION.

After the plaintiff corporation had conducted business in New York for over twenty-five years, even though the name "New York" was not a part of the corporate name, naturally when used in connection with its name, it would be understood as in identifying the plaintiff, and the adoption by the defendant of a corporate name which differed from that of the plaintiff only in the addition of the words "New York," together with the copying of the plaintiff's annual book and forms, none of which was necessary in conducting the business, constitutes infringement and unfair competition.

3. TRADE-NAMES—CONFUSION—DAMAGES.

In a case of confusion of corporate names, where it is clear that the use of a name by a competitor will result in deception and damages to an earlier user of a similar name, it is not necessary to await either, before applying for an injunction.

Appeal from Special Term, New York County. From a judgment dismissing the complaint, plaintiff appeals. Reversed.

Argued before INGRAHAM, P. J., and McLAUGHLIN, LAUGHLIN, SCOTT, and DOWLING, JJ.

Frank M. Avery, of New York City, for appellant.

Hiram Thomas, of New York City, for respondents.

LAUGHLIN, J.: This is a suit in equity to enjoin the defendants from conducting their business under their corporate name.

The grounds upon which the plaintiff seeks to maintain the action are that the words "Material Men's," in the corporate name of plaintiff, have by long user in its business acquired a secondary meaning and are generally understood in the trade as referring to the plaintiff and its business; that the business of plaintiff and defendant being the same, the corporate name of the defendant is so similar to that of the plaintiff that it is calculated to mislead the public; and that the adoption thereof was in violation of our statute (section 6, chapter 28, Laws of 1909 [Consol. Laws, c. 23, § 6]), which provides as follows:

"No certificate of incorporation of a proposed corporation having the same name as a corporation authorized to do business under the laws of this state, or a name so nearly resembling it as to be calculated to deceive, shall be filed or recorded in any office for the purpose of effecting its incorporation, or of authorizing it to do business in this state."

The plaintiff was incorporated under the laws of New York on the third day of February, 1888, and it was found by the trial court that the words "Material Men's" were first used in a corporate title by it. Ever since its incorporation the plaintiff has been actively engaged in business in the city of New York in making mercantile credit reports on building contractors and others engaged in building operations, and it originated and has annually compiled, copyrighted, and issued to its customers and to others a book known as "The Association's Book," containing ratings on those engaged in building operations, and has adopted for use in its business and uses blank forms or requisitions printed on paper of distinctively different colors.

The trial court also found, on evidence sustaining it, that at the time of the trial the plaintiff's annual book had reached the twenty-sixth edition, and has been and is now furnished to a great number of subscribers, and that there is great demand therefor; that owing to the care, skill, and experience exercised by the plaintiff, its business has become very extensive; that the plaintiff has expended large sums of money in advertising its business and securing subscribers; that it has in conducting its business from twelve to fifteen employees, and has acquired a valuable good will and reputation for honesty and fair dealing.

The defendant was incorporated under the laws of New York

on October 20, 1913, for conducting a business similar to that conducted by plaintiff and in the same locality. At that time, and for a long time prior thereto, the plaintiff's office had been at 41 Park Row, borough of Manhattan, New York. The defendant established and maintains an office at 66 Broadway in the same borough. When the action was commenced, the defendant was actively engaged in competing with the plaintiff in business; the only substantial difference being that for service in some respects more extended than that for which the plaintiff was charging from fifty dollars to ninety dollars per annum the defendant solicited business at the rate of fifteen dollars per annum. The defendant also issues annually a book under the same title as that of the plaintiff, and containing similar information and blank forms, also quite similar to those issued by the plaintiff. The trial court found, on evidence sustaining it, that the defendant is engaged in a business similar to that of the plaintiff, and is competing with the plaintiff.

Prior to the commencement of the action, which was seven months after the incorporation of the defendant, the defendant solicited business from one of the plaintiff's subscribers, and continued to solicit business from plaintiff's customers. There is no evidence that the plaintiff has lost any business or customers to the defendant, owing to the similarity of the corporate names; but the evidence shows that some of plaintiff's customers have been misled by the similarity of the names into believing that business solicited by the defendant was solicited by the plaintiff, and into believing that an extension of the business of the defendant beyond that conducted by the plaintiff, by which the defendant offered to furnish legal services to its customers, was made by the plaintiff. In behalf of the plaintiff, evidence was given tending to show that the words "Material Men's," in connection with mercantile credit reports, had acquired a secondary meaning, as designating the plaintiff; but this evidence was not conclusive, and the court refused to find the fact as claimed by the plaintiff. The plaintiff conducted its business in its corporate name, but it was also referred to and known in the trade by the shorter name, "Material Men's."

It may be that the evidence on this point was insufficient to

establish a secondary meaning which entitles the plaintiff to the exclusive right to use those words in the mercantile credit report business, but in the view we take of the case we do not deem it necessary to review the evidence to determine whether or not it sustains the finding. The long period during which the plaintiff was established and conducted its business, and became more or less known to the trade as the "Material Men's," entitles it to protection against the incorporation of and competition from a rival under a name so similar as to be likely to mislead the public. In one sense, the corporate name adopted by the defendant may be said to be practically identical with that of the plaintiff; the only difference being in prefixing the name "New York," and in a substitution of the word "Incorporated" for the word "Limited," following the name.

Inasmuch as the plaintiff contemplated conducting business in New York, and had so conducted it for upwards of 25 years, it became and was, in effect, the New York Material Men's Mercantile Association, which is the name adopted by the defendant. Although the name "New York" was not in the corporate name of the plaintiff, it is manifest that, since it conducted its business in New York City, it became known as the New York Material Men's Mercantile Association. It was not necessary for the defendant so nearly to copy the plaintiff's corporate name, annual book, and forms. The business it intended to conduct could have been described equally well by another name, which would have distinguished the two corporations and would have prevented confusion. The use of so similar a name, in the circumstances, fairly warrants the inference that it was selected by those who incorporated the defendant for the purpose of obtaining some benefit or advantage from the good will of the plaintiff's long-established and successful business. (*Burges v. Burges* [1853] 3 De G., M. & G. 896. See, also, *Anargyros v. Egyptian Cigarette*, 54 App. Div. 345, 66 N. Y. Supp. 626; *Vulcan v. Myers*, 139 N. Y. 364, 34 N. E. Rep. 904; *Little v. Kellam* [C. C.] 100 Fed. Rep. 353; *New England Awl Co. v. Marlborough Awl Co.*, 168 Mass. Rep. 154, 46 N. E. Rep. 386, 60 Am. St. Rep. 377; *Works v. Mallory* [Or.] 147 Pac. Rep. 542 [5 Trade Mark Reporter, 192].)

Neither company was engaged in manufacturing, or had a

plant or place of business other than an office. The business of each evidently was principally conducted by soliciting agents. The different locations of the offices would not insure against confusion. The business and method of conducting it, therefore, render confusion between the two corporations probable, if not inevitable.

The court cannot change the corporate name of the defendant, but its incorporation in violation of the statute herein quoted, under a name so similar to that of the plaintiff as to be calculated to deceive, does not protect it in the right to conduct business under that name as against the right of the plaintiff, whose business it is quite plain it may obtain, and it is highly probable that it will obtain. (*People ex rel. Columbia Co. v. O'Brien*, 101 App. Div. 296, 91 N. Y. Supp. 649; *Corning Glass Works v. Corning Cut Glass Works*, 197 N. Y. 173, 90 N. E. 449.) It is quite probable that the secretary of state was misled by the prefix of the name "New York," and did not discover that the plaintiff had been incorporated under identically the same name with the exception of the prefix. The courts have often had occasion to decide, in cases of infringement and unfair competition, whether the addition of a prefix or suffix is sufficient to distinguish one name from another and prevent deception, and it has usually been held that it is not, and that prior adoption and use entitles a corporation to protection against the use by a rival of a name so similar that it is calculated to mislead the public. (*Society of War of 1812 v. Society of War of 1812 in the State of New York*, 46 App. Div. 568, 62 N. Y. Supp. 355; *Salvation Army in the United States v. American Salvation Army*, 135 App. Div. 268, 120 N. Y. Supp. 471; *Koebel v. Chicago Landlord's Protective Bureau*, 210 Ill. 176, 71 N. E. Rep. 362, 102 Am. St. Rep. 154; *American Waltham Watch Co. v. United States Watch Co.*, 173 Mass. Rep. 85, 53 N. E. Rep. 141, 43 L. R. A. 826, 73 Am. St. Rep. 263; *Edison Storage Battery Co. v. Edison Automobile Co.*, 67 N. J. Eq. 44, 56 Atl. Rep. 861; *Legal Aid Society v. Wage-Earners' Legal Aid Association*, opinion by Dowling, J., New York Law Journal, April 21, 1908; *Fuller v. Huff*, 104 Fed. Rep. 141, 43 C. C. A. 453, 51 L. R. A. 332; *Bissell Chilled Plow Works v. T. M. Bissell Plow Co.* [C. C.] 121 Fed. Rep. 357; *International Committee of Young Women's Christian Association v. Young Women's Christian*

Association of Chicago, 194 Ill. Rep. 194, 62 N. E. Rep. 551, 56 L. R. A. 888; *North Cheshire & Manchester Brewery Company, Ltd., v. Manchester Brewery Company*, [1899] Appeal Cases, 83.)

Where one in the exercise of a natural right engages in a line of business in which another by the same name is conducting business, he is required so to regulate the use of his own name as not to confuse his business with that previously established, and manifestly a court of equity should and does intervene more freely where the question arises largely over the similarity of corporate names, in which there was no necessity for the competitor to copy the name of the old company or to select one quite similar thereto. (See *World's Dispensary Medical Ass'n v. Robert J. Pierce*, 203 N. Y. 419, 96 N. E. Rep. 738 [2 Trade Mark Reporter, 23]; *Charles E. Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462, 39 N. E. Rep. 490, 27 L. R. A. 42, 43 Am. St. Rep. 769; *Hotel Claridge Co. v. George Rector*, 164 App. Div. 185, 149 N. Y. Supp. 748 [4 Trade Mark Reporter, 556]; *Merritt Burial Co. v. Merritt*, 155 App. Div. 565, 140 N. Y. Supp. 895 [3 Trade Mark Reporter, 174]; *Id.*, 214 N. Y. 676, 108 N. E. Rep. 1108 [5 Trade Mark Reporter, 236]; *Oneida Community v. Oneida Game Trap Co.*, 168 App. Div. 769, 154 N. Y. Supp. 391 [5 Trade Mark Reporter, 316]; *Church v. Kresner*, 26 App. Div. 349, 49 N. Y. Supp. 742; *De Long v. De Long Hook & Eye Co.*, 89 Hun, 399, 35 N. Y. Supp. 509; *Dutton & Co. v. Cupples*, 117 App. Div. 172, 102 N. Y. Supp. 309; *Bernhard v. Bernhard*, 156 App. Div. 739, 142 N. Y. Supp. 94 [3 Trade Mark Reporter, 336]; *Fuller v. Huff*, 104 Fed. Rep. 141, 43 C. C. A. 453, 51 L. R. A. 332; *Waterman Co. v. Modern Pen Co.*, 235 U. S. 88, 35 Sup. Ct. 91, 59 L. Ed. 142 [5 Trade Mark Reporter, 1]; *Herring-McHale-Marvin Safe Co. v. Marrin Safe Co.*, 208 U. S. 554; *Garcia v. Garcia* [D. C.] 197 Fed. Rep. 637 [2 Trade Mark Reporter, 402].)

It is not necessary in trade-mark cases, where it is clear that the use will result in deception and damages, to await either before applying for an injunction (*T. A. Vulcan v. Myers et al.*, 139 N. Y. 364, 34 N. E. Rep. 904); and this court has extended the doctrine to other cases of unfair competition (*Dutton & Co. v. Cupples*, 117 App. Div. 172, 102 N. Y. Supp. 309; *Commercial Adv. Ass'n v. Haynes*, 26 App. Div. 279, 49 N. Y. Supp. 938; *Society of War of 1812 v. Society of War of 1812*, 46 App. Div. 568, 62 N. Y. Supp.

355; *Salvation Army in U. S. v. American Salvation Army*, 135 App. Div. 268, 120 N. Y. Supp. 471, 141 App. Div. 931, 126 N. Y. Supp. 1145.)

Although the evidence relating to the secondary meaning acquired by the words "Material Men's" is, under the decisions in *Koehler v. Sanders* (122 N. Y. 65, 25 N. E. Rep. 235, 9 L. R. A. 576); *Employers' Liability Assurance Corporation v. Employers' Liability Insurance Co.* (10 N. Y. Supp. 845, affirmed as to this point 61 Hun, 552, 16 N. Y. Supp. 397; *Commercial Advertiser Ass'n v. Haynes*, 26 App. Div. 279, 49 N. Y. Supp. 938)—not sufficient to warrant the court in deciding that the plaintiff is entitled to the *exclusive* use of those words in its corporate name, yet we are of opinion that the defendant should not be permitted to use those words in its name, without accompanying them by other words clearly distinguishing the defendant from the plaintiff. These views require the reversal of findings of fact numbered 21, 23, 25, 28, 29, 30, 31, 32, 33, 34, 35, and 40; and conclusions of law numbered 1, 2, 3, 5, 6, and 7, made by the trial court, should be reversed. And additional findings of fact in accordance with plaintiff's requests to find Nos. 9, 10, 12, 13, 14, 15, 16, 17, 18, 20, 22, 23, and 24, and conclusions of law in accordance with plaintiff's request to find conclusions Nos. 1, 3, and 6, should be found; and conclusion of law No. 7, requested by plaintiff, should be modified by incorporating therein, after each prohibition against the use of the words "Material Men's" by the defendant, the following words, "without other appropriate words to distinguish the business of the defendant from that of the plaintiff," and, as thus modified, should be found; and the plaintiff should have judgment in accordance with the conclusions of law as thus modified.

It follows that the judgment should be reversed, with costs, and judgment awarded to the plaintiff in accordance with these views, with costs; order to be settled on notice. All concur.

JENKINS BROS. V. KELLY & JONES CO.

(227 Fed. Rep., 211.)

*United States Circuit Court of Appeals**Third Circuit, Sept. 3, 1915. Additional Opinion, Oct. 8, 1915*

1. TRADE-MARKS—INFRINGEMENT—NAME OF PATENTED ARTICLE.

The patents, under which plaintiff and its predecessors manufactured a valve, having expired, the generic term identifying the thing patented has become public property. But another manufacturer who makes and sells the valves under the generic name must so distinguish his product as unmistakably to inform the public that the thing manufactured by him is not the product of the original maker.

2. UNFAIR COMPETITION—WHAT CONSTITUTES—SIMULATION OF TRADE-NAME.

Courts do not decide misleading markings by the *caveat emptor* rule of buyer and seller. It is not alone the rights of rival makers that are concerned, but the rights of the consumer, and no marking which travels near the border line of commercial deceit can be sanctioned.

On appeal from decree of the United States district court.
Remanded with directions.

For the opinion of the lower court, see 4 T. M. Rep., 308.

Alan M. Johnson, of New York City, for appellant.

Kay, Totten & Powell, Pittsburgh, Pa., for appellee.

Before BUFFINGTON, McPHERSON, and WOOLLEY, Circuit Judges.

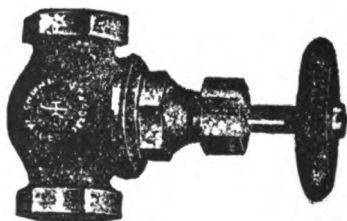
BUFFINGTON, Circuit Judge: By a bill filed in the court below the complainant, Jenkins Bros., a New Jersey corporation, charged Kelly & Jones, a Pennsylvania corporation, with infringing its trade-mark and with unfair competition in business. The alleged wrong was in so marking a steam valve made by the defendant as to lead the public to believe they were buying complainant's valve. On final hearing that court filed an opinion (reported at 212 Fed. 328 [4 T. M. Rep., 308]), in which the general subject-matter of controversy is so fully set forth that by reference thereto we avoid repetition. In pursuance thereof, a decree was entered enjoining respondent from continuing to mark its valves as it had done. Subsequently complainant petitioned the court to issue an attachment for contempt, alleging, in effect, that a new marking of the valves which the defendant had adopted violated the injunction. On hearing the court discharged the petition for contempt. There-

upon the complainant, assigning for error certain features of the original decree and the discharge of the contempt proceedings, took this appeal.

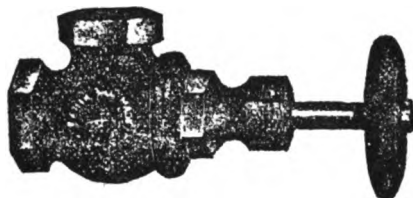
Without entering into the details of the case, it suffices to say that continuously, but at different times since 1864, first one Nathaniel Jenkins, then his sons under the name of Jenkins Bros., then one of his sons, and finally the complainant corporation, had successively marketed steam valves or gauge cocks and had acquired valuable trade good will in their valves, which were known as "Jenkins valves." These valves contained certain patented features which complainant's predecessors and their licensees embodied therein. Such patent monopolies have expired, and the name "Jenkins" has become fixed in the mind of the public as descriptive of the patented type of valve or disc which the defendant is now entitled to make. But the name "Jenkins" has also become fixed in the mind of the public as descriptive of such valves as were marketed by the patentee, Jenkins, and his successors.

It will thus be seen the case finally narrows down to a proper marking of the valves by the Kelly & Jones Company. In view of the fact that the evidence shows other large concerns have found no difficulty in so cataloguing, marking, and marketing such valves to their own and complainant's satisfaction, we see no practical commercial difficulty in effecting that result in this case.

At the time this bill was filed the defendant put part of its markings on one side of the valve as follows:



and part on the other as follows:



The defendant contends that, because its use of the name "Jenkins" is accompanied by the statement that the valve is made by the Kelly & Jones Company, its marking has in effect been adjudged lawful by the Supreme Court in *Singer v. June* (163 U. S. 169, 16 Sup. Ct. 1002, 41 L. Ed. 118). We do not so read that case. The gist of it is summed up in that often quoted, but often misunderstood and misapplied, extract:

"The result, then, of the American, the English, and the French doctrine universally upheld is this: That where, during the life of a monopoly created by a patent, a name, whether it be arbitrary or be that of the inventor, has become, by his consent, either express or tacit, the identifying and generic name of the thing patented, this name passes to the public with the cessation of the monopoly which the patent created. Where another avails himself of this public dedication to make the machine and use the generic designation, he can do so in all forms, with the fullest liberty, by affixing such name to the machines, by referring to it in advertisements and by other means, subject, however, to the condition that the name must be so used as not to deprive others of their rights or to deceive the public, and therefore that the name must be accompanied with such indications that the thing manufactured is the work of the one making it as will unmistakably inform the public of that fact."

From this it will be seen that the sum and substance of the marking is not the mere literal, physical stamping, printing, or engraving of the maker's name on an article which in the public mind is associated with another's business, but the name must be accompanied with such indications that the thing manufactured is the work of the one making it as will "*unmistakably inform the public of that fact.*"

It will therefore be seen that the marking which the Supreme Court indorses is not alone the mere letters of a maker's name, but in addition thereto, where necessary, there must be such indications that the article is the work of the maker as will unmistakably inform the public of that fact. The *Singer Case* did not provide a marking stencil which was to be rigidly followed in all other cases. What it did do was to lay down the broad, reasonable, and honest

commercial principle that in every case and in every article the marking must be such as to unmistakably inform the public of the truth. No case can better than the present illustrate the utter inadequacy of a mere literal use of a maker's name to prevent the public from being deceived; for the testimony is simply overwhelming that, in spite of such marking of Kelly & Jones as maker, engineers who had used complainant's Jenkins valves for years, who sent or went to hardware dealers for such accustomed valves, were furnished with defendant's valves, installed and used them, and were surprised to learn afterwards they had been deceived.

It is no answer to this to say that, if they had used their eyes, they would have learned otherwise. Courts do not decide misleading markings by the *caveat emptor* rule of buyer and seller. One who buys a standard, dependable article through a number of years learns to trust that article. Use and years have led him to so trust it without question or inspection. If he is to be induced to use any similar article, but which is in fact not the one to which he has grown accustomed, such buyer is entitled to be unmistakably informed of that fact, and that some other than the old-time maker is making the particular article for which he pays. It is not alone the rights of rival makers that are concerned. They are able to take care of their respective rights; but the consumer, on whom the substantial loss falls, in that he is led to pay his money for that which he does not intend to buy, must be protected by the courts, and they can only do so by sanctioning no marking which travels near the border line of commercial deceit.

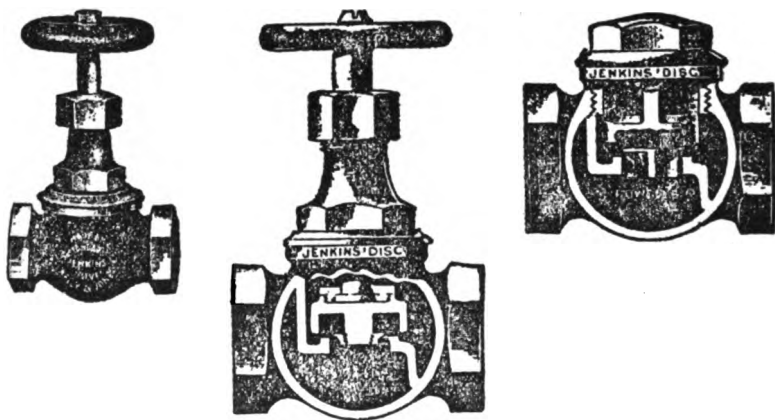
In saying this we are imputing no intentional wrong to the defendant. It has acted under what it supposed to be its legal rights, but the outcome has proved that the ultimate consumer, with whom as large manufacturers they never come in contact, has been misled by their markings. Why this occurred is perfectly plain. Not only was the word "Jenkins" used, but it was coupled with the word "Standard." The defendant contends, and the testimony so shows, that the word "standard" applied to a valve is a semi-technical term, and differentiates its weight from lighter constructions. But, while this word might well have been so used in trade lists and catalogues, which went to jobbers and dealers who knew and could not be misled as to whose valves

they were buying, the case was far different when it came to engineers and firemen, who for years had been using Jenkins valves, when, in answer to an engineer's request for a Jenkins valve, he was handed out by a trusted dealer a valve the most prominent eye catch on which was not "Jenkins," but the words "Standard Jenkins Valve." That word "standard"—"Standard Jenkins Valve"—meant to him the original, genuine Jenkins valve, which he had bought before and intended to continue buying, as the proofs abundantly show. To our mind the adding of the word "Standard" to the name "Jenkins" was utterly at variance with the spirit of the Supreme Court's instruction:

"That the name must be accompanied with such indications that the thing manufactured is the work of the one making it as will unmistakably inform the public of that fact."

On the contrary, the word "Standard" was an accompanying indication, which tended, both by association with "Jenkins" and the prominence of their joint place on the valve, to center the attention of the buyer on the name "Jenkins" rather than on the name of the maker. The eye, accustomed to "Jenkins," found that name, and to couple with it the word "Standard" served to further assure a buyer that he was getting the Jenkins valve to which he was accustomed. As defendant sold their Jenkins valves to dealers at less price than complainant's, it was to the dealer's financial interest to sell them to persons who thought they were buying complainant's valve. The testimony not only fails to show that dealers took any steps to protect their customers in that regard, but that the markings enabled them to tacitly mislead their customers.

The possibility of this misleading continues in the new markings of the defendant, which were considered in the attachment proceeding. Indeed, to our minds the possibility of deception was perhaps increased. Such new marking is as follows:



In it, as will be seen, the name "Jenkins" occupies the spot of central prominence, and is on the straight line, which is easiest read. Joined to it, in the next most prominent place, is the word "Standard." In a glance at the valve, these catchwords "Standard Jenkins Valve," are taken in without effort, while it requires more than a glance to take in the circular line below, where the maker's name is given. After careful consideration we have reached the opinion that the accompanying marking, which has been used for some years by another manufacturer, may be used as a guide for future marking.

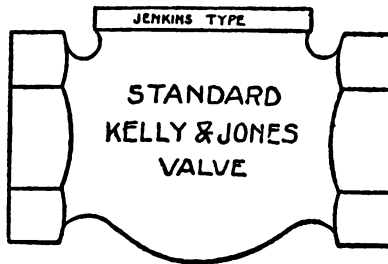
The word "Jenkins," therefore, accompanied by the word "Disc," "Type," or like word, may be placed by defendant on a corresponding place on its valve, and on the valve body, and in a central and prominent position the words "Kelly & Jones Standard Valve" may be added. To avoid needless expense and confusion, we may add that, in case the parties cannot agree on a marking embodying our ideas, the defendant may submit for approval to this court its proposed markings. We will make no change in the order of court below as to costs in that court; the cost of this appeal shall be borne by the defendant. The matter of the disposal of such valves as defendant has on hand will be left to the order and discretion of the court below, and in view of the fact that such valves were marked under the sanction of that court, no accounting will be directed.

The cause will therefore be remanded to the court below, with directions to open and modify its decree, so as to carry out the views expressed above.

Additional Opinion

PER CURIAM. Since the foregoing opinion was filed, the defendant has submitted for our approval certain proposed markings, and we have heard also the objections thereto. As a result of the argument the parties have come to an agreement, and in accordance therewith we make the following order:

The defendant may mark its valves in strict accordance with the sketch affixed hereto, namely:



—and the clerk is directed to transmit to each of the parties a certified copy of this order with a blue print of the sketch.

The matter of the disposal of such valves as the defendant may have had on hand at the time of the decree below, or may have since offered to the market, is committed to the discretion of the District Court.

L. E. WATERMAN CO. v. STANDARD DRUG CO., et al.
(222 Fed. Rep., 1023.)

United States Circuit Court of Appeals

Sixth Circuit, May 14, 1915

TRADE-MARKS—INFRINGEMENT—VIOLATION OF INJUNCTION—LIABILITY.

Appellant, having failed upon an application for an attachment for contempt of court in violating an injunction to prove that appellee was at any time in question an officer, agent, servant or employee of defendant, the application for a writ against defendant and its so-called agent, jointly and severally, was properly dismissed.

On appeal from an order of the United States district court' dismissing an order to show cause why attachment should not issue against the defendant and an alleged agent for contempt in violating an injunction. Affirmed.

For the opinion of the United States circuit court, reversing a previous order of the United States district court granting a writ of attachment and remanding the proceeding, see 3 T. M. Rep., 120. (202 Fed. Rep., 167.)

Walter B. Raymond, of New York City, for appellant.

T. H. Bushnell and *J. A. Chamberlain*, of Cleveland, Ohio, for appellees.

PER CURIAM. This cause came on to be heard on the transcript of the record from the district court of the United States for the northern district of Ohio, eastern division, and was argued by counsel; and the appellant having, in our view of the present record, failed to show that appellee Teller was an officer, agent, servant or employee of the Standard Drug Company, or was otherwise so identified with the company as to justify the conclusion that he was under its control, at any of the times in question herein, the decree below will have to be affirmed, as it hereby is with costs.

BUFFALO SPECIALTY CO. V. VAN CLEEF, et al.

(227 Fed. Rep., 391.)

*United States Circuit Court of Appeals**Seventh Circuit, October 5, 1915*1. **TRADE-MARKS—INFRINGEMENT—NAME OF PATENTED ARTICLE.**

The name "Neverleak" applied during the life of the patent to a "Tire Fluid," the composition of which is secret but the use of which in a pneumatic tire is protected by a basic patent, does not become public property upon the expiration of the patent, because the "Tire Fluid" was never patented. Anyone was free to manufacture a "Tire Fluid" during the life of the patent and even to manufacture the one to which the name was applied, if they could discover the formula. The name, therefore, merely indicates the specific "Tire Fluid" manufactured by the maker using that name and is the subject of a valid trade-mark right.

2. **TRADE-MARKS—MISREPRESENTATION—LOSS OF RIGHTS.**

Plaintiff manufactured under a secret formula a tire fluid which it sold under the trade-mark "Neverleak." One D obtained a patent on a vehicle tire comprising the combination of any pneumatic tire and any free-flowing sealing agent within its air chamber. Plaintiff purchased this patent to avoid infringing it. Plaintiff used a label containing the words "Neverleak Tire-Fluid. Patented U. S. A. Foundation patent No. 578551" and also bearing a warning to infringers. The patent expired in 1914 and thereafter the plaintiff used a label omitting the word "Foundation." Held that the label was not such a misrepresentation as to deprive it of its pre-existing property rights in the trade-mark "Neverleak."

3. **UNFAIR COMPETITION—DRESSING OF ARTICLE.**

Where it appears from an inspection of the labels that the defendant intentionally subordinated the dissimilarities of its package, so that purchasers would be deceived into buying its goods for those of the plaintiff, there is no basis for a motion to dismiss a bill charging the defendant with palming off his goods for those of the plaintiff.

On appeal from a decree of the United States district court dismissing the appeal. Reversed and remanded.

For the decision of the lower court from which this appeal is taken, see 6 T. M. Rep., 67.

Albert H. Graves and Charles K. Offield, both of Chicago, Ill.,
for appellant.

Thomas A. Banning, Jr., and Samuel W. Banning, both of
Chicago, Ill., for appellees.

Before **BAKER, KOHLSAAT, and MACK**, Circuit Judges.

BAKER, Circuit Judge: Appellant's bill counted on three wrongs: Appellees' use of appellant's trade-name, "Neverleak,"

in connection with the manufacture and sale of "tire fluids"; simulation of dress, whereby an intending purchaser would likely be misled; and the actual palming-off of the imitation by false representations and by inducing dealers to effect substitutions.

In each of these respects the bill stated a good cause of action.

Through appellant's answers to interrogatories propounded by appellees certain defensive facts were brought into the record. These, however, pertained only to the use of the word "Neverleak."

Appellees' motion on this state of the record to dismiss the bill for want of equity was sustained, the court being of the opinion that the expiration of a patent owned by appellant brought the use of "Neverleak" within the *Singer* (*Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169, 16 Sup. Ct. 1002, 41 L. Ed. 118) and *Castoria* (*Centaur Co. v. Heinsfurter*, 84 Fed. Rep. 955, 28 C. C. A. 581 and *Centaur v. Marshall* [C. C.] 92 Fed. Rep. 605) Cases.

Inasmuch as the bill was good, it could not properly be dismissed on motion, unless the defensive matter in the answers to the interrogatories (in effect the same as if admitted in the bill or as if set forth as a complete answer which was demurred to by appellant) was so conclusive that it could not be affected by any avoiding evidence in support of the bill or in support of a replication that might have been filed in the ordinary course of the case. (*Bronk v. Charles H. Scott Co.*, 211 Fed. Rep. 338, 128 C. C. A. 17, and cases there cited.)

With respect to rights in the word "Neverleak" the bill alleged that appellant in 1893 began making a tire fluid according to a secret formula that has never been disclosed in a patent or otherwise; that appellant invented the word "Neverleak" and applied it to the product; that appellant's product was so meritorious that the compounding and marketing thereof grew to vast and highly profitable proportions; and that from 1893 to the filing of the bill in 1914 the trade and the public recognized "Neverleak" as appellant's trade-name that identified the product and pointed to appellant as maker and seller.

In answers to interrogatories appellant admitted that a patent, No. 578,551, was issued on March 9, 1897, to one Duryea, on his application filed December 28, 1891; that appellant in 1898 pur-

chased the patent; that the patent expired by law on March 9, 1914; that from 1898 to March 9, 1914, appellant used label Exhibit A; that from March 9, 1914, to the filing of the bill on April 10, 1914, appellant used label Exhibit B; that the labels had been included in advertisements in newspapers and magazines; and that during the life of the patent appellant had sued several alleged infringers.

Duryea's patent is entitled "Vehicle Tire." In the specification he disclosed that "the invention relates to pneumatic tires for vehicle wheels, the object being to render tires self-healing—that is to say, adapted automatically to close a puncture." All the seven claims, with varying degrees of specificity, are for combinations of a "pneumatic tire" and a "free-flowing sealing agent within its air chamber."

Across the top of label A appear the words "Neverleak Tire-Fluid" in large capital letters. Below this and at the center of the label is a circle, representing a pneumatic tire. Within the circle is the statement in smaller capital letters; "Patented U. S. A. Foundation patent No. 578,551." Around the upper half of the circumference of the pictured tire and in still smaller capital letters is the legend, "Automatically Closing Punctures." Below the circle and in ordinary newspaper type an explanation and a warning are printed. Explanation:

"This is the foundation patent and covers the use of any liquid, semi-liquid, paste, powder or compound capable of being converted into or used in connection with any liquid, in any pneumatic tire for closing punctures."

Warning:

"'Neverleak tire fluid' is manufactured and sold under, and by the owner of, said patent, the Buffalo Specialty Company. All persons, firms or corporations making, selling or using any other tire fluid, powder or compound, are infringers of said U. S. patent. Buffalo Specialty Company."

Label B is the same with two exceptions. For the former statement within the pictured tire this substitute is given: "Patented U. S. A. March 9, 1897. Patent No. 578,551." In the place of the explanation and warning the following matter is printed:

"Net weight, four ounces. Price, 25 cents. This tube treats one tire. Buffalo Specialty Company."

Appellant's use of "Neverleak" as a trade-name is to be considered during three periods.

From 1893 to 1898. As the bill establishes, appellant founded and was building a valuable business in making and selling a "tire fluid," and the public had come to recognize "Neverleak" as the word (whether primarily a trade-mark or secondarily a trade-name is immaterial) that pointed to the origin and identity of the particular product. "Tire fluid" was the name of the genus, and "Neverleak" was the name of appellant's species. Since the bill does not admit, and the answers to interrogatories do not affirm, that the genus or appellant's species was patented, or that no other makers were in the market, it must be taken as against the motion to dismiss that every one was free to manufacture and sell tire fluids, even appellant's, if the secret formula could be learned, and that many brands under distinctive names and marks were on the open market during this period. So it is evident that appellant acquired a property right in the use of "Neverleak," and still has it, unless it has been forfeited by appellant's subsequent conduct.

From 1898 to March 9, 1914. Just prior to the beginning of this period appellant was confronted with a peculiar situation. Many tire fluids were on the market, among them appellant's "Neverleak." Duryea had obtained a patent on a "vehicle tire," comprising a combination of any "pneumatic tire" and any "free-flowing sealing agent within its air chamber." If appellant or any other maker should sell tire fluids for the purpose of having them combined with pneumatic tires, and such would clearly be the purpose, he would be a contributory infringer of the Duryea patent on vehicle tires. Duryea's application was filed in 1891. And since no public use of Duryea's combination earlier than the inferential use by tire owners of appellant's tire fluid in 1893 is suggested by the record, Duryea's patent must stand here as impregnable. With such a cloud overhanging its business, appellant was justified in buying the patent. Appellees do not deny this, but insist that appellant has so abused its patent right that it has lost its pre-existing property right in its trade-name "Neverleak."

In our judgment the explanation in label A is clear and unam-

biguous. Patent No. 578,551 *was* the foundation patent and it *did* cover the use of any liquid in any pneumatic tire for closing punctures. It was proper, even if unnecessary, in the first sentence of the part we have entitled "Warning," to assure purchasers of "Neverleak" that they were authorized to use it in pneumatic tires. Fair notice to rival concerns was given by the concluding sentence that, if they should continue to make, sell, or use "tire fluids" (for the purpose to which such fluids had always theretofore been put) they would infringe the combination patent. And there is nothing to show that appellant's prosecutions of alleged infringers were unfair to them, or to the public, or to appellees.

Taking the label as a whole, we think its meaning is plain; but, even if ambiguities could be found in segregated parts, the motion to dismiss should not have prevailed. We cannot accept assertions in appellees' brief, outside the record, that appellees and the public were misled by the supposed ambiguities. In neither the bill nor in the answers to interrogatories does appellant admit appellees' or the public's ignorance of the true state of facts respecting the patent. We therefore may assume that the final proofs would show, as appellant, also outside the present record, declares, that appellees were former employees of appellant and knew all about the relation of the tire fluid "Neverleak" to the subsequently patented "vehicle tire," and likewise that dealers and the general public never erroneously associated the trade-name of appellant's secret liquid mixture with the combination patent on a vehicle tire.

No generic name for the patented tire appears in the record. Presumably, therefore, all pneumatic tires, whether containing a "free-flowing sealing agent" or not, were made, sold, and used under the several marks and names of their manufacturers. This condition with respect to a generic name for the patented tire is very far from establishing that the pre-existing trade-name of one unpatented element became the generic name of the patented combination. So the *Singer* and *Castoria* Cases do not apply. (Compare *Batcheller v. Thomson*, 93 Fed. Rep. 660, 35 C. C. A. 532; *De Long Hook & Eye Co. v. Francis Hook & Eye Co.* (C. C.) 139 Fed. Rep. 146; *Prest-O-Lite Co. v. Davis*, 215 Fed. Rep. 349, 131 C. C. A. 491 [4 T. M. Rep., 419]; *Searchlight Gas Co. v. Prest-O-Lite*

Co., 215 Fed. Rep. 692, 131 C. C. A. 626 [4 T. M. Rep., 273]; *Avenarius v. Kornely*, 139 Wis. 247, 121 N. W. Rep. 336.)

From March 9, 1914, to April 10, 1914. No objection is urged against label B except that the words "Patented U. S. A. March 9, 1897. Patent No. 578,551" are printed within the circle of the pictured tire. Appellees and the public were legally chargeable with knowledge that the patent had expired, the date being given. All that can be said from the face of the label is that appellant needlessly gave true information of the fact that prior to March 9, 1914, the patent was in force, and inferentially that it had been owned by appellant and used in some way not disclosed by label B. Full proofs might establish a business propriety in appellant's making as little change as possible in its previously well known and rightfully used business dress. At all events pirates cannot keep their victim out of equity on their cry of "unclean" simply by showing a use of the word "patent" under circumstances that fail to import an assertion of a presently existing monopoly. (*Frank W. Wücher Co. v. Sneierson* (D. C.) 205 Fed. Rep. 767 [3 T. M. Rep., 455]; *Marshall v. Ross*, L. R. 8 Eq. 651; *Cheavin v. Walker*, L. R. 5 Ch. D. 850; *Morgan v. McAdam*, 36 L. J. Ch. D. 228; *Ransome v. Graham*, 51 L. J. Ch. D. 897.)

Concerning simulation of dress. Appellant exhibited with its bill a display box of appellees' tubes of tire fluid. The center of attraction is the word "Neverleak." Similarities in the make-up and markings of containers and display boxes are observable. There are also dissimilarities. A comparison induces us to believe that appellees intended to subordinate the dissimilarities and intended purchasers to be deceived by the similarities into buying the wrong "Neverleak." If appellees had a contrary intention, or if their intended deceptive means were in fact inefficient, the bill does not so admit, nor do the answers to interrogatories so prove.

With the defensive matter respecting appellant's use of the word "patent" in connection with its trade-name "Neverleak" disposed of as insufficient for any defensive purpose, no basis for the motion to dismiss exists as against the bill's charge of actual palming-off by fraudulent representations.

The decree is reversed, and the cause is remanded for proceedings consentaneous to this opinion.

BUFFALO SPECIALTY COMPANY V. VAN CLEEF, et al.

(217 Fed. Rep., 91.)

*United States District Court**Northern District of Illinois, Eastern Division, September 16, 1914*

1. TRADE-MARKS—UNFAIR COMPETITION—PRACTICE—COUNTERCLAIM.

Where a bill in a suit for infringement of a trade-mark and unfair competition has been dismissed, a counterclaim for relief in equity arising out of the same transaction is not effected by the dismissal of the bill, but may be prosecuted in spite of such dismissal.

2. TRADE-MARKS—UNFAIR COMPETITION—DISMISSAL.

Where the effect of a decree of dismissal has been misrepresented in the advertising of both parties, neither party has any claim to temporary relief by injunction.

In Equity. On motion by defendant for injunction and a reference. Denied.

Offield, Towle, Graves & Offield, of Chicago, for plaintiff.

Banning & Banning, of Chicago, for defendants.

SANBORN, District Judge: This is an application by defendants for an injunction, based on defendants' counterclaim and affidavits, restraining plaintiff from making false representations concerning the order of decree of August 7, 1914, dismissing the bill for want of equity, with costs, and from interfering with defendants' business of making and selling "Neverleak Tire Fluid." They also ask a reference to a master to ascertain the profits and damages they claim to be entitled to, as prayed in their counterclaim.

The bill, which was dismissed, alleged infringement of a trade-mark and unfair competition. Defendants denied plaintiff's allegations and pleaded a counterclaim under equity rule 30, alleging wrongful acts of plaintiff in reference to the use by defendants of the trade-mark or name claimed by plaintiff, and praying for an injunction against such acts and an accounting of damages. Defendants alleged that plaintiff was threatening their customers with suits and various forms of prosecutions in case they should continue to market their own goods.

Defendants moved to dismiss the bill because it appeared on the record that complainant had by its conduct made its right to

the use of the word "neverleak" coextensive in time with its patent on the fluid called neverleak, and by the expiration of the patent had lost its protection. The motion was granted, and a decree of dismissal followed, without making any disposition of the counterclaim. An appeal from this decree to the Circuit Court of Appeals was at once taken, and is now pending undetermined; the clerk's return to the appellate court having been duly made. Defendants then, before any hearing on the counterclaim, moved for a permanent injunction and reference, just as though they had obtained an interlocutory decree on hearing, showing by affidavit that plaintiff had begun several suits against customers of defendants, had written threatening letters to defendants' dealers and had misrepresented the nature of the decree of dismissal. These acts were injurious to defendants, causing loss of custom and other damage. While the motion was for a permanent injunction and reference, on the hearing they asked for a temporary injunction only, and did not press the motion for reference.

Answering the motion, plaintiff denied any unfair competition (submitting many affidavits), and contended that the district court has no jurisdiction of the motion because the case and the whole case has been removed to the Court of Appeals. Counsel for defendants contend that the case involves two separate suits, one on bill and answer for trade-mark infringement and unfair competition, and the other on counterclaim and reply for unfair competition, and that only the first suits has been finally disposed of, leaving the second one still pending just as though the first had never been commenced. It is contended in reply to this position that the counterclaim authorized by rule 30 (198 Fed. xxvi, 115 C. C. A. xxvi) is like a cross-bill in equity under the former practice, which was so connected with the bill that a dismissal would necessarily carry the cross-suit with it. It was also suggested on the argument that a counterclaim under the rule is so connected with the main suit that the decree already entered was not a final one, for the purpose of an appeal, because it made no disposition of the counterclaim.

Many questions are being raised in the district court as to the proper construction of rule 30, and there has been conflict of

opinion which will probably continue. As I look at the matter, the rule is quite clear and easy to interpret. It is quite similar to section 3 of order 19 of the English orders (Statutory Rules and Orders of 1912, p. 1781; Annual Practice of 1908, p. 234). The two rules follow:

English rule:

A defendant in an action may set off, or set up by way of counterclaim against the claims of the plaintiff, any right or claim, whether such set-off or counterclaim sound in damages or not, and such set-off or counterclaim shall have the same effect as a cross-action, so as to enable the court to pronounce a final judgment in the same action, both on the original and the cross-claim. But the registrar or judge may, on the application of the plaintiff before trial, if in the opinion of the registrar or judge such set-off or counterclaim cannot be conveniently disposed of in the pending action, or ought not to be allowed, refuse permission to the defendant to avail himself thereof.

Equity rule 30 (198 Fed. xxvi, 115 C. C. A. xxvi):

The defendant in his answer shall in short and simple terms set out his defense to each claim asserted by the bill, omitting any mere statement of evidence, and avoiding any general denial of the averments of the bill, but specifically admitting or denying or explaining the facts upon which the plaintiff relies, unless the defendant is without knowledge, in which case, he shall so state; such statement operating as a denial. Averments other than that of or amount of damages, if not denied, shall be deemed confessed, except as against an infant, lunatic, or other person non compos and not under guardianship, but the answer may be amended, by leave of the court or judge, upon reasonable notice, so as to put any averment in issue, when justice requires it. The answer may state as many defenses, in the alternative, regardless of consistency, as the defendant deems essential to his defense. The answer must state in short and simple form any counterclaim arising out of the transaction which is the subject matter of the suit, and may, without cross-bill, set out any set-off or counterclaim against the plaintiff which might be the subject of an independent suit in equity against him, and such set-off or counterclaim, so set up, shall have the same effect as a cross-suit, so as to enable the court to pronounce a final judgment in the same suit, both on the original and cross-claims.

It will be seen that rule 30 requires defendant to set up any counterclaim which arises out of the transaction forming the subject-matter of the bill, but allows without requiring him to set up any equitable counterclaim or set-off which might be the subject of an independent suit by defendant against plaintiff. The language is perfectly clear: If defendant has an independent cause of action in equity against plaintiff, he may counterclaim it. If any corroboration of this view were needed, it is found in the fact that the Supreme Court, in adopting the rule, omitted the last clause of the English rule which restricts counterclaims to those which can be conveniently disposed of and those which ought to be allowed. Not

only was any set-off or counterclaim which may be the subject of any independent suit included, but an exception was rejected. Moreover, it has always been held by the English courts that independent causes of action, wholly unconnected with the claim of the plaintiff, may be counterclaimed. (*Birmingham Estates Co., v. Smith*, 13 Ch. D. 506, 509.) Nor is a counterclaim to be excluded because plaintiff is a foreigner who could not be sued in England. By invoking the jurisdiction, he consents to be sued there by counteraction, unless plaintiff be a sovereign, not suable without its consent. (*Griendtovan v. Hamlyn & Co.*, 8 L. T. R. 231; *Strousberg v. Costa Rica Republic*, 29 W. R. 125, Ch. App.; *Imperial Japanese Govt. v. P. & O. Co.*, (1895) A. C. 644, P. C.) Nor is the amount recoverable by counterclaim limited by the jurisdiction of the court (*Amon v. Babbett*, 22 Q. B. D. 543 Ch. App.), unless objection is made by giving written notice, as required by the Judiciary Act of 1873. By adopting the English rule, its construction in England is adopted, at least to the extent of excluding construction at variance with plain and explicit language. Under such circumstances, the clear meaning of the words should not be rejected on account of supposed inconvenience in applying the rule.

It is said in argument that it could not have been the intention of the rule to compel a nonresident plaintiff to submit to cross-suits in districts foreign to his residence, and thus run counter to express statutes, like section 51 of the Judicial Code (Act March 3 1911, c 231, 36, Stat. 1101 [U. S. Comp. St. Supp. 1911, p. 150]), or the Act of March 3, 1897, c 395, 29 Stat. 695 (U. S. Comp. St. 1901, p. 588), relating to place of suit. Section 51 provides that civil suits, other than those of diverse citizenship, shall only be brought in the district where defendant inhabits, and others only in the district of the residence of either party. The act of 1897 applies only to patent cases, and provides that the court shall have jurisdiction only in the district where defendant inhabits, or where he has committed infringement and has an established place of business. But these acts do not relate to the general jurisdiction of the district court, only to the power of the particular court to proceed. They give defendant a privilege which he may waive. If the counterclaim defendant (original plaintiff) raises

the question of jurisdiction at the outset, and succeeds, defendant may have a speedy decision of this question by the Supreme Court. Whatever the decision may be affects the scope of rule 30, not its construction.

It is true that the weight of authority in the construction of the new rule limits its scope to counterclaims which might formerly have been made the subject of a cross-bill. (*Terry Steam Turbine Co. v. B. F. Sturtevant Co.* (D. C.) 204 Fed. 103; *Williams etc., Co. v. Kinsey Mfg. Co.* (D. C.) 205 Fed. 375; *Adamson v. Shaler* (D. C.) 208 Fed. 566; *Klauder v. Weldon, etc., Co. v. Giles* (D. C.) 212 Fed. 452; *Sidney v. Mugford, etc., Co.* (D. C.) 214 Fed. 841. To the contrary are *Marconi Wireless Tel. Co. v. National Elect. Signaling Co.* (D. C.) 206 Fed. 295; *Salt's Textile Mfg. Co. v. Tingle Mfg. Co.* (D. C.) 208 Fed. 156; *Vacuum Cleaner Co. v. American Rotary Valve Co.* (D. C.) 208 Fed. 419; and *Electric Boat Co. v. Lake Torpedo Boat Co.*, 215, Fed. 377.) The cases supporting a limited application of the rule proceed upon the theory that it was not intended to change the substantive law providing what could be treated as a set-off or counterclaim prior to the rule (Judge Thomas, 214 Fed. 841), and that the words "shall have the same effect as a cross-suit" mean to limit the counterclaim to what might have been brought in by cross-bill. These words are adopted from the English rule, except that "cross-suit" is there "Cross-action." Why not give them the settled construction of the English courts? As Judge Chatfield says in the Marconi Case:

"Here we have a deliberate use of new terms covering any 'independent suit in equity' to have the result of a 'cross-suit,' and yet to be pleaded 'without cross-bill.'"

The contrary view is strongly argued by Judge Dodge in the Terry Case, Judge Geiger in the Adamson Case, and Judge Thomas in the Sidney Case. But the new equity rules were conceived in a most liberal spirit, and I think the one in question should be given its manifest meaning, so as to allow all mutual claims in equity to be set off or opposed, as is done under the English practice. I have examined many English decisions under order 19, and am convinced that the rule has there worked justly. It has been given a broad and liberal construction, but has not been extended (as,

its terms prohibit) to cases so incongruous as to be incapable of trial with the original suit. (*Bartholomew v. Rawlings*, W. N. 56; *Huggons v. Tweed*, 10 Ch. D. 359, Ch. App.; *Compton v. Preston*, 21 Ch. D. 138.) Such an exception may also properly be applied under rule 30, since the rule relates only to equitable causes of action. If it would be equitable to subject the plaintiff to the defense of an incongruous cross-action, surely the court would decline jurisdiction. I am convinced, therefore, that the dismissal of the bill had no effect on the counterclaim for unfair competition. The Electric Boat Company Case contains an able discussion of the construction of the words of the rule.

The effect of the appeal from the decree of dismissal, is a different question. I am inclined to think such decree was not final, and therefore not appealable. The concluding clause of rule 30, "so as to enable the court to pronounce a final judgment in the same suit both on the original and cross-claims" seems to contemplate a single decree disposing of both causes of action. Any other construction would permit two final judgments. In *Bowker v. United States*, (186, U. S. 135, 22 Sup. Ct. 802, 46 L. Ed. 1090), an admiralty decree disposing of a counterclaim, but not passing on libellant's cause of action, was held not final for the purpose of appeal.

The appeal, however, has been taken, and it is for the appellate court to decide whether it shall be dismissed. And it is unnecessary to decide the question because the affidavits submitted on both sides show that no injunction should be issued. Both parties have exaggerated the effect of the decree in their advertising matter, probably through misconception, and neither has any standing to claim any temporary relief against the other. Of course the motion for reference in advance of adjudication on the counterclaim is premature.

The motions are denied.

COMMONWEALTH V. GOLDBURG

(180 Southwestern Reporter, 68.)

*Kentucky Court of Appeals**November 30, 1915*

1. TRADE-MARKS—CONTAINERS—KENTUCKY CRIMINAL LAW—JURISDICTION.

A Kentucky statute, providing punishment, in the discretion of the magistrate, for the use, without the consent of the owner thereof, of certain containers distinguished by a mark which has been duly filed and published, is not unconstitutional.

2. TRADE-MARKS—MISUSE OF CONTAINERS—PRESUMPTION OF GUILT.

That part of the statute which provides that the use of certain trade-marked containers without the written authority of the owner thereof, providing said mark has been duly filed, shall be presumptive evidence of the unlawfulness of such use, is not in violation of the fundamental rule of our criminal law, that the assumption of innocence attends the accused at every stage of the proceedings, and would not, of necessity, be invalid if it did.

On appeal from the circuit court, Jefferson County, criminal division. Reversed with directions.

James Garnett, Atty. Gen., Joseph M. Huffaker, Lorraine Mix, and Barrett, Allen & Attkisson, all of Louisville, for the Commonwealth.

Arthur H. Mann and Kohn, Bingham, Sloss & Spindle, all of Louisville, for appellee.

CARROLL, J. The appellee, Goldberg, was indicted by the grand jury of Jefferson county for the offense of—

"unlawfully and willfully buying, taking, trafficking in and filling with milk or cream bottles marked and distinguished with and by a name, mark, and device of another, of which a description had been filed and published, as provided by law, without the consent of the corporation whose mark and device was upon said bottles so used and trafficked in and filled by said defendant, and without said defendant having purchased from said corporation said bottles exclusive of contents."

The indictment set out that the Gray-Avon Allmen Sanitary Milk Company, a corporation organized under the laws of Kentucky, engaged in bottling and selling milk and cream, had, pursuant to the provisions of the Kentucky Statutes, recorded the marks, devices, and brands blown and produced on the bottles used by it in the sale of its milk and cream, and that Goldberg, without its consent and without purchasing the bottles, exclusive of their contents from the corporation—

"did unlawfully and willfully use, buy, take, traffic in and fill with milk or cream a number of pint bottles, all and each of which said bottles were then and there marked and distinguished with and by the name, mark, and device of said corporation, selected, filed, printed, and published, as aforesaid, for pint bottles."

The lower court sustained a general demurrer to the indictment, and the Commonwealth appeals.

The indictment was found under sections 1279 and 1279a of the Kentucky Statutes. Subsection 1 of section 1279 provides that:

"Any and all persons and corporations engaged in manufacturing, bottling or selling soda waters, mineral or aerated waters, porter, ale, beer, cider, ginger ale, milk, cream, small beer, lager beer, weiss beer, white beer or other beverages or medicines, medical preparations, perfumery, oils, compounds, or mixtures in bottles, siphons, tins or kegs, with his, her, its or their name or names, or other marks or devices branded, stamped, engraved, or etched, blown, impressed, or otherwise produced on such bottles, siphons, tins or kegs, or the boxes used by him, her, it or them, may file in the office of the clerk of the county in which his, her, its or their principal place of business is situated, or if such person, or persons, corporation or corporations shall manufacture a bottle out of this state then in any county in this state, and also in the office of the secretary of state, a description of the name or names, marks or devices so used by him, her, it or them, respectively, and cause such description to be printed once in each week, for three weeks successively, in a newspaper published in the county in which said notice may have been filed as aforesaid."

Section 1279a, subsection 2, makes it unlawful for any person or corporation to fill with the liquids or substances described in section 1279 any bottle, box, siphon, tin, or keg marked or distinguished as set out in section 1279, or to deface, erase, obliterate, cover up, or otherwise, remove or conceal the mark or device, or to buy, sell, or traffic in the same—

"without the written consent of, or unless the same shall have been purchased, by such person or corporation, exclusive of the contents thereof, from the person or persons, corporation or corporations, whose mark or device shall be or shall have been in or upon the bottle, box, siphon, tin or keg so filled, trafficked in, used or handled as aforesaid."

It also provides that:

"Any person or persons, or corporation or corporations offending against the provisions of this section shall be deemed guilty of a misdemeanor, and shall be punished for the first offense by imprisonment, not less than ten days nor more than one year, or by a fine of fifty cents for each and every such bottle, box, siphon, tin or keg so filled, sold, used, disposed of, given, taken, bought or trafficked in, or by both such fine and imprisonment, and for each subsequent offense by imprisonment, not less than twenty days nor more than one year, or by fine of not less than one dollar, nor more than five dollars, for each and every bottle, box, siphon, tin or keg so filled, sold, used, disposed of, given, taken, bought or trafficked in, or by both such fine and imprisonment, in the discretion of the magistrate before whom the offense shall be tried."

Subsection 3 provides that:

"The use by any person other than the person or persons, corporation or corporations, whose device, name or mark shall be, or shall have been, upon the same without such written consent or purchase as aforesaid, of any such marked or distinguished bottle, box, siphon, tin or keg, * * * is hereby declared to be presumptive evidence of the said unlawful use, purchase and traffic in of such bottles, boxes, siphons, tins or kegs."

Subsection 4 provides that:

"Whenever any person, persons or corporation, who shall have so filed and published as aforesaid, or his, her, its or their agent shall make oath before any magistrate that he, she or it has reason to believe, and does believe, that any of his, her, its or their bottles, boxes, siphons, tins or kegs, a description of the names, marks or devices whereon has been filed and published as aforesaid, are being unlawfully used or filled, * * * the said magistrate must thereupon issue a search warrant to discover and obtain the same, and may also cause to be brought before him the person in whose possession the bottles, boxes, siphons, tins or kegs may be found, and shall then inquire into the circumstances of such possession, and if such magistrate finds that such person has been guilty of a violation of" this section, "he must impose the punishment herein prescribed, and he shall also award possession of the property taken upon such warrant to the owner thereof."

On behalf of the appellee it is sought to sustain the judgment appealed from upon several grounds: (1) Because the act has no relation whatever to the public health and safety or welfare, does not come within the police power of the state, and the Legislature was without power to pass it: (2) because it is unconstitutional on account of its arbitrary and unreasonable classification, and constitutes a denial of equal protection of the laws by giving to owners of a certain class of personal property rights and remedies denied to the owners of other classes of personal property; (3) because the provisions in respect to search warrants violate the state and federal Constitutions; (4) because it violates the Constitution of Kentucky, as well as the statutes thereof, in conferring upon magistrates' courts jurisdiction of a final trial, for the reason that the punishment exceeds the jurisdiction conferred upon magistrates' courts. The argument for the commonwealth challenges the correctness of each of these assigned reasons why the judgment appealed from should be sustained, and is an insistence that the statute in all of its parts is constitutional.

But before coming to an expression of our views upon the questions presented, it might be here noticed that the Supreme Court of Illinois, in the cases of *Lippman v. People*, (175 Ill. 101, 51, N. E. 872), *Horwich v. Walker, Gordon Laboratory Co.* (205

Ill. 497, 68 N. E. 938, 98 Am. St. Rep. 254), and the Supreme Court of Ohio in *State v. Schmuck* (77 Ohio St. 438, 83 N. E. 797, 14 L. R. A. (N. S.) 1128, 122 Am. St. Rep. 527), held acts substantially like the one here in question to be unconstitutional upon the grounds relied on by counsel for appellee. On the other hand, the Massachusetts court in *Com. v. Anselvich*, (186 Mass. 376, 71, N. E. 790, 104 Am. St. Rep. 590), and the New York court in *People v. Cannon* (139 N. Y. 32, 34 N. E. 759, 36 Am. St. Rep. 668), upheld the validity of legislation of this character.

In view of this conflict of opinion by courts of such high authority, it may well be said at the outset that the questions at issue are ones about which there are good grounds for reasonable difference of opinion; but, having reached the conclusion that the legislation is not open to the objections urged against it, we will now proceed to state the reasons that have influenced us in coming to this decision.

It will be observed that the statute provides that any person offending against its provisions shall be guilty of a misdemeanor and punished in the manner set out in the statute, and that, following the words of the statute making the offense, a misdemeanor and prescribing the penalty, it is provided that the measure of punishment imposed within the limitations of the statute shall be "in the discretion of the magistrate before whom the offense shall be tried." We do not, however, regard the use of the word "magistrate" in this connection, or at other places in the statute, as denying jurisdiction of offenses against this statute to the circuit courts of the state, or as interfering with the general course of the criminal law that offenses, where punishment of this character is imposed, may be prosecuted by indictment in the circuit court. We do not think the Legislature in the use of the word "magistrate" intended to deprive circuit courts of their unquestioned jurisdiction to hear and determine cases where this measure of punishment may be imposed under indictments found in the circuit court. The Legislature, of course, knew that circuit courts, under the general law of the state, had jurisdiction of all cases in which the jurisdiction was not expressly confided to other inferior courts. It may also be assumed that the Legislature knew that under section 13 of the Criminal Code then in force "magistrates"—

using this word as defined in section 26 of the Criminal Code to mean "judges of the county courts, judges of city or police courts, mayors, chairmen of the trustees of towns, and justices of the peace"—had exclusive jurisdiction only—

"of prosecutions for offenses the punishment of which is limited to a fine not exceeding ten dollars and concurrent jurisdiction with the circuit court in prosecutions for offenses the punishment of which is limited to a fine not exceeding one hundred dollars or imprisonment not exceeding fifty days, or both such fine and imprisonment."

With this knowledge of then existing laws that conformed to the Constitution it seems clear that the Legislature did not mean to enact an unconstitutional statute, or intend, without any reason therefor, to give magistrates exclusive jurisdiction in cases arising under this act. We therefore conclude that the word "magistrate" in this section was inadvertently used, and, this being so under well-settled rules of statutory construction, we may, with much propriety, substitute the word "court" for the word "magistrate," and, thus reading the section fixing the penalties, the circuit court in which the indictment was found had complete jurisdiction of the offense. (*Manion v. Lambert*, 10 Bush, 295; *Bird v. Board of Commissioners*, 95 Ky. 195, 24 S. W. 118, 15 Ky. Law Rep. 578; *Com. v. Grinstead & Tinsley*, 108 Ky. 59, 55 S. W. 720, 21 Ky. Law Rep. 1444, 57 S. W. 471, 22 Ky. Law Rep. 377; *Com. v. Herald Publishing Co.*, 128 Ky. 424, 108 S. W. 892, 32 Ky. Law. Rep. 1293, 16 Ann. Cas. 761; *James, Auditor, v. United States F. & G. Co.*, 133 Ky. 299, 117 S. W. 406; *Singleton v. Com.*, 164 Ky. 243, 175, S. W. 372.)

This construction disposes of the objection to the constitutionality of the statute rested on the ground that it attempted to confer on magistrates a jurisdiction in violation of section 142 of the Constitution and in excess of the general law regulating the jurisdiction of magistrates.

We may also, without expressing an opinion as to the soundness of the objection raised to that part of the statute providing for search warrants, put this objection to one side upon the ground that, even though it should be assumed that this provision was unconstitutional, the appellee cannot avail himself of its invalidity, because no effort was made to proceed against him or search his

premises or property under or by authority of this section of the act.

The appellee, so far as this record shows, was proceeded against in the first instance by an indictment. No search warrant was applied for or obtained, and it is well settled that no person can complain that any part of a general statute is unconstitutional unless it is sought to impose upon him some liability under the authority of that part of the statute averred to be unconstitutional. If a search warrant had been applied for and under the search warrant an effort had been made to search the premises or property of the appellee, he would be directly affected by this provision of the statute, and could question its validity; but, as the statute is severable and that part of it under which he is proceeded against is not open to any constitutional objection, he cannot shield himself behind the defense that other parts of the statute violate either the state or federal Constitution, or both. (*Stevens v. Stevens*, 4 T. B. Mon, 524; *Marshall v. Donovan*, 10 Bush, 681; *Com. v. Wright*, 79 Ky. 22, 42 Am. Rep. 203; *Sullivan v. Berry*, 83 Ky. 198, 4 Am. St. Rep. 147; *Norman v. Boaz*, 85 Ky. 557, 4 S. W. 316, 9 Ky. Law Rep. 127; *Burnside v. Lincoln County Court*, 86 Ky. 423, 6 S. W. 276, 9 Ky. Law Rep. 635; *State v. McNulty*, 7 N. D. 169, 73 N. W. 87; *State v. Snow*, 3 R. I. 64; *State v. Potterfield*, 47 S. C. 75, 25 S. E. 39; *Tyler v. Registration Court Judges*, 179 U. S. 405, 21 Sup. Ct. 206, 45 L. Ed. 252; *Turpin v. Lemon*, 187 U. S. 51, 23 Sup. Ct. 20, 47 L. Ed. 70.)

There is another view of this question that effectually disposes of the objection urged by counsel for appellants to the validity of that section of the statute providing for search warrants. This section is a distinct and separate provision in the act. It is not so related to or connected with the other section as that it may not be eliminated and leave a complete act in such form as will accomplish the chief purpose of the legislation. This being so, if the section of the act relating to search warrants were declared to be unconstitutional, the remainder of the act, and that part of it under which this indictment was found, would remain unaffected by the invalidity of the search warrant section. Consequently its invalidity would not interfere with the proceeding under the indictment. (*Rogers v. Jacob*, 88 Ky. 502, 11 S. W. 513, 11 Ky. Law Rep. 45;

McArthur v. Nelson, 81 Ky. 67; *Gayle v. Owen Co. Court*, 83 Ky. 61; *Duke v. O'Bryan*, 100 Ky. 710, 39 S. W. 444, 824, 19 Ky. Law Rep. 81; *L. & N. R. R. Co. v. Herndon*, 126 Ky. 589, 104 S. W. 732, 31 Ky. Law Rep. 1059; *Smedley v. Com.*, 138 Ky. 1, 127 S. W. 485, 129 S. W. 547; *Allen v. Louisiana*, 103 U. S. 80, 26 L. Ed. 318; *Poindexter v. Greenhough*, 114 U. S. 270, 5 Sup. Ct. 903, 29 L. Ed. 185; *Pollock v. Farmers' Loan & Trust Co.*, 158 U. S. 601, 15 Sup. Ct. 912, 39 L. Ed. 1108.)

The next objection to the act as pointed out by counsel for appellee is that it violates section 60 of the state Constitution, providing in part that:

"No law, except such as relates to the sale, loan or gift of vinous, spirituous or malt liquors, bridges, turnpikes or other public roads, public buildings or improvements, fencing, running at large of stock, matters pertaining to common schools, paupers, and the regulation by counties, cities, towns or other municipalities of their local affairs, shall be enacted to take effect upon the approval of any other authority than the General Assembly, unless otherwise expressly provided in this Constitution."

We think the argument of counsel that the statute under consideration takes effect only on the approval of such persons as wish to register and publish their marks and devices, is based on an entire misconception of the law. When this enactment came from the hands of the Legislature it was a complete statute, not depending for its approval or disapproval on any person or set of persons. But like many other statutes, it operates on condition and becomes effective only when the conditions described in the statute exist. For example, this law can be made available only by persons who have thought proper to register and publish their marks or brands. If they do not choose to do this, then the conditions upon which the law becomes operative do not arise. The statutes contain a great many laws that become effective only when the conditions described in the statute exist, but of course this does not mean that they—

"take effect upon the approval of any other authority than the General Assembly."

To illustrate, a statute making it an offense to sell personal property on which there is at the time a mortgage of record becomes operative only when the mortgagee puts his mortgage to record. If he chooses not to record it, then the statute does not apply. We

have also a statute making it an offense to sell branded timber without the consent of the owner, and whether this statute becomes operative or not depends on whether the timber has been branded by the owner. While these and many other statutes come into effect only when certain described conditions arise, they are not, in the meaning of the Constitution, dependent upon the approval or disapproval of any other authority than that of the General Assembly. They merely lie dormant until called into active force by the existence of the conditions upon which they were intended to operate.

The case of *Columbia Trust Co. v. Lincoln Institute* (138 Ky. 804, 129 S. W. 113, 29 L. R. A. (N. S.) 53), *Western & Southern Life Ins. Co. v. Com.* (133 Ky. 292, 117 S. W. 376), and *Tilford v. Belknap* (126 Ky. 244, 103 S. W. 289, 31 Ky. Law Rep. 662, 11 L. R. A. (N. S.) 708), relied on by counsel, arose on states of case very different from this, and have no application to the question here presented.

It is further suggested that that part of the act which provides that the use of the containers without the written consent of the person whose brand or device has been placed on them and recorded shall be presumptive evidence of the unlawful use, purchase, and traffic in such containers is objectionable, in that it changes the fundamental rule of criminal law; that the presumption of innocence attends the accused at every stage of the proceedings, and the state must prove his guilt beyond a reasonable doubt. This principle of criminal procedure is, however, nothing more than a rule of evidence, entirely within the competency of the Legislature to change. It merely makes evidence of one fact presumptive evidence of the existence of another fact; and, as said by the United States Supreme Court in *Mobile R. R. Co. v. Turnipseed* (219 U. S. 35, 31 Sup. Ct. 136, 55 L. Ed. 78, 32 L. R. A. (N. S.) 266, Ann. Cas. 1912A, 463):

"Legislation providing that proof of one fact shall constitute prima facie evidence of the main fact in issue is but to enact a rule of evidence, and quite within the general power of government. Statutes, national and state, dealing with such methods of proof in both civil and criminal cases abound, and the decisions upholding them are numerous."

To the same effect are *Andricus v. Pineville Coal Co.*, (121 Ky. 724, 90 S. W. 233, 28 Ky. Law Rep. 704); *Sizemore v. Com.*, (140

Ky. 338, 131 S. W. 37); *Gossett v. Com.*, (159 Ky. 736, 169 S. W. 478.).

We also find in brief of counsel considerable space devoted to a discussion of the authority of the Legislature to enact laws that appear to be opposed to what is called the "genius of our institutions," or contrary to some fundamental governmental principle which, although not expressed in the Constitution, may be looked to in ascertaining the validity of legislative acts. And it is said that this statute is an example of this character of legislation because it is out of harmony with the general spirit and purpose of our law and the basic principles on which they rest. We do not, however, find in this plausible generalization any ground on which to put the right of the court to set aside legislative action. Laws cannot be disregarded merely because they are supposed to be repugnant to some governmental principles that lie outside of constitutional limitations. The Constitution of this state, in sections 27 and 28, distributing the powers of government, confided to the legislative branch the authority to enact laws, and this authority the judiciary is not at liberty to interfere with, unless the legislation violates directly or by necessary implication some provision of the state or federal Constitution. Subject to this limitation, the policy of the legislation or the wisdom of the propriety of it is not for the judicial branch of the government to decide. When the courts have exercised their jurisdiction in restraining the Legislature from transgressing constitutional bounds, they have reached the limit of their control. The people put in the Constitution such limitations as they wished to impose on the legislative branch, and within these limitations its activities are controlled by the Constitution; but outside of them it may act with a free hand, subject, of course, to the restraint imposed by the federal Constitution. So that, when the validity of legislation is challenged in the courts, the inquiry is limited to the question, what provision of the Constitution does it violate? What does it do, or propose to do, that the Constitution forbids? This thought is well expressed in *Johnson v. Higgins* (3 Metc. 566), where the court said:

"The duty, and sole duty, of this department of the government, when the constitutional power of the Legislature to enact a law is questioned, is to look to

the provisions of the federal and state Constitutions, and if they do not, in express terms, or by necessary and proper implication, forbid the exercise of such power, the enactment must be adjudged valid and enforceable as a law. Beyond the constitutional restrictions, thus to be interpreted, the only limits upon the state Legislature in enacting laws are its own wisdom, sound judgment, and patriotism. And it may be added that in doubtful cases, where it is not clear that the fundamental law has not been invaded, courts rarely, if ever, interfere to arrest the operation of legislative enactments. Respect for the wisdom of a co-ordinate department of the government, as well as sound policy, forbid such interposition, except upon clear and satisfactory grounds."

—and is more fully set forth in Cooley's Constitutional Limitations (6th Ed.) pp. 192-208.

This brings us to the question raised that this legislation is forbidden by section 3 of the state Constitution, providing, in substance, that no grant of separate privileges shall be made to any man, or set of men, except in consideration of public service, and violates sections 59 and 60 of the state Constitution, prohibiting special legislation, in that it confers special privileges upon the persons whose property is covered by the act, and creates an arbitrary and unreasonable classification. The features of the statute that are pointed out as being open to these objections are: (a) That it does not come within the police power of the state, and its sole purpose is the protection of the owners of certain described articles of personal property who are engaged in a limited line of business; (b) that it favors the interest of one or a few by affording them particular remedies that are denied under the general laws to others.

It will be noticed: (1) That the statute is limited to persons and corporations engaged in manufacturing, bottling, or selling soda waters, mineral or aerated waters, porter, ale, beer, cider, ginger ale, milk, cream, small beer, lager beer, weiss, beer, white beer, or other beverages or medicines, medical preparations, perfumery, oils, compounds, or mixtures, in bottles, siphons, tins, or kegs, with his, her, its, or their name or names or other marks or devices branded, stamped, engraved, or etched, blown, impressed, or otherwise produced, on such bottles, siphons, tins or kegs or boxes used by him, her, it or them; (2) that it makes it unlawful for any person or corporation to fill with these articles, or any of them, any of the described containers marked or branded as mentioned, or to deface, cover up, or remove any such marks or brands, or to

buy, sell, or traffic in any of these containers without the written consent of or unless the same shall have been purchased from the person or corporation whose mark or device is on the container; (3) that the use of such container by any person other than the person or corporation whose device, name, or mark shall be upon it, without the written consent or purchase of the same, for the sale therein of any of the articles mentioned, or for the purpose of trafficking in such containers, or by having them in possession, shall be presumptive evidence of the unlawful use of such containers. There is a further provision about search warrants; but, in view of what has been said upon this point, this section of the statute need not be again referred to.

It is of course manifest that in the enactment of this law the Legislature intended to and did create a class, and intended to and did protect this class in the use of the branded containers employed by it in its business. And to make more effective the purpose of the law, it provided means by and through which persons violating its provisions might be punished. But so far as the mere question of the authority for legislative classification is concerned, there is no room for dispute. It has been time and again settled by courts everywhere that it is competent for the Legislature to create classes and deal with these classes, both in respect to civil as well as criminal rights and liabilities, separately, the only limitation being that the classification must rest upon some reasonable difference existing between the class selected for treatment and other classes of persons or property. So that the mere fact that the Legislature may confer upon a certain class rights and privileges not enjoyed by other classes is in itself no objection to the statute, unless the classification is arbitrary or unreasonable. (*Com. v. Remington Typewriter Co.*, 127 Ky. 177, 105 S. W. 399, 32 Ky. Law Rep. 189; *State Racing Com. v. Latonia Agr. Assn.*, 136 Ky. 173, 123 S. W. 681, 25 L. R. A. (N. S.) 905; *Katzman v. Com.*, 140 Ky. 124, 130 S. W. 990, 30 L. R. A. (N. S.) 519, 140 Am. St. Rep. 359; *Connolly v. Union Sewer Pipe Co.*, 184 U. S. 540, 22 Sup. Ct. 431, 46 L. Ed. 679; *Lindsley v. Natural Gas Co.*, 220 U. S. 61, 31 Sup. Ct. 337, 55 L. Ed. 369, Ann. Cas. 1912 C, 160.)

The criminal laws of the state are made up of classifications.

Almost every criminal statute selects a class and treats it separately. The statutes that impose a punishment for forgery, larceny, embezzlement, destroying property, obtaining money by false pretenses, giving worthless checks, making false statements, selling mortgaged property, wrongfully converting money or property, and for selling misbranded seeds or foods, are pertinent illustrations of the right of classification and the extent to which it has been carried. So, too, this same rule of classification has been extended with equal freedom and equal authority to statutes not penal in their nature, but only intended to regulate civil or contract rights and liabilities. Examples of this character of legislation are found in the banking laws, the insurance laws, laws relating to negotiable instruments, and laws regulating telephone and telegraph companies, common carriers, and the sale of food-stuffs.

It is further true that the new, diverse, and multiplied activities along all lines of human endeavor are, all the time, making classification and selection more indispensable, and broadening the field of its application. There comes into view almost every day some new discovery or invention, or some new method of business, requiring at the hand of the Legislature some special treatment; and therefore reasonable legislation, having for its purpose the creation of classes and their separate treatment, should not be interfered with on the ground that it is unreasonable or arbitrary, unless it plainly appears to be and is an effort to confer some undue privileges in excess of the lawful rights of the persons or businesses affected, or to deny to the persons or businesses affected some privilege to which they are fairly entitled. So that the question whether the classification here made is reasonable depends on whether the class of property selected for separate classification and treatment is of such a character as that it may reasonably be set apart in a class by itself. We think it is. The statute, as was said by the Massachusetts court in *Com. v. Anselvich*, supra—

“appears to have three objects, of which one is to protect the public from fraud and deception by preventing the unauthorized use, a second time, of vessels or receptacles originally marked in such a way as to indicate their contents together with the source from which they came; another is to protect the manufacturer or dealer from loss of profits or reputation by the unauthorized use of his property to deceive the public by a sale of an inferior article in such a manner as to indicate that it was manufactured or put up by him; and the third is to aid the manufac-

turer or dealer in protecting and preserving a kind of property, which, from its nature and use, is peculiarly liable to be misappropriated by careless or dishonest persons."

And the accomplishment of these objects, affecting as they do the public good, authorizes the Legislature to put the persons and businesses treated of in a class by themselves.

It is true that the statute protects persons engaged in the business of manufacturing articles and putting them in the character of containers described, to a larger extent than the general laws afford protection to other persons engaged in the manufacture of useful articles, and it may be conceded that the legislation might well have more specifically described the articles that could be placed in these containers intended to be protected. But the fact that the owners of these containers are afforded a greater measure of protection than the owners of other containers, or the fact that the act might have more been specific, affords no reason for condemning it. There are numerous criminal statutes in force that afford protection to the persons whose property or private rights it is made an offense to destroy or disturb, but it has never been thought that these statutes were objectionable on account of the measure of private protection they afforded. As said by Freund on Police Powers, § 298:

"In other words, where a public interest coincides with a stronger private interest, it would seem to be no fatal defect to leave the protection of the public to private action. Practically nearly all legislation for the prevention of fraud operates in this way."

If statutes to prevent fraudulent practices were to be held objectionable merely because they protected the private rights of the individual on whom it was attempted to practice the fraud, there could be little or no preventative legislation along this line, because every act having for its purpose the prevention of fraud and the punishment of persons who commit fraud necessarily affords protection to the persons who might be defrauded except for the statute.

In the cases of *Horwich v. Walker, Gordon Laboratory Co.*, and *State v. Schmuck*, supra, the Illinois and Ohio courts appear to have been largely influenced to hold legislation like this unconstitutional upon the ground that it was class legislation, intended solely for the protection of the persons engaged in the manufacture

of articles and their sale in these containers, and to afford such persons, through the agency of the criminal law, a means of recovering their property. Of course if this were the only purpose of the law, and the protection of the public from fraud was not one of its objects, the position of these courts would be unassailable. But we do not agree that the sole purpose of this legislation was to protect the owners of a certain class of property, although this protection follows as one of the incidents of the act. But clearly, as we think, it was not the whole purpose of the act.

It is a matter of common knowledge that many of the most necessary articles in general use are put up and sold to the consumers in bottles, siphons, tins, and kegs, and when these articles are put in containers having the brand of the manufacturer, the public have a right to and do rely upon the brand as an assurance that the contents of the container are as the manufacturers represent them to be, and as they have found them to be by practical use. If, however, any person who could secure possession of these containers could, without the consent of the owner of the brand, refill them with his own product and put them on the market, it is manifest that a fraud would be practiced on the public. They would be buying articles under the belief that they were the product of the concern whose name was branded on the container when, in truth, they were the product of some other concern having no connection whatever with the manufacturer who put the goods out under his own name. That there are scores of unscrupulous persons who would take advantage of this condition and defraud the public is scarcely open to question. But it is said that as the act permits the owner of the branded container to consent that some other person may use it, this affords as full opportunity to the unscrupulous persons to practice a fraud on the consumer as they could obtain by the unauthorized use of the container. In a limited sense this may be admitted. But this circumstance does not destroy the protection afforded to the public by this act, as it is hardly fair to assume that persons who have established a good name and business would consent that it might be brought into disrepute by persons who would be inclined to put into the containers articles that did not correspond with the articles in

these containers when they were filled by the persons whose names were branded on them.

On the other hand, it is fair to assume that if without the consent of the owner, some person should secure possession of these containers and fill them with material of his own manufacture, his only purpose would be to practice a fraud on the public by pretending to sell an article purporting to have been manufactured by a certain person, although such person had no connection whatever with it. So that the good in the law—the protection that it affords the public, and the opportunities to commit fraud that it curtails—outweigh so much its defects that, upon the whole, it may be classed as beneficial legislation, entirely within the competency of the Legislature to enact, and not in conflict with the Constitution of the United States.

The judgment is reversed, with directions to overrule the demurrer.

GERMAN-AMERICAN BUTTON CO. v. A. HEYMSFELD, INC., et al.

(156 N. Y. Supp., 223.)

New York Supreme Court

Appellate Division, First Department, December 10, 1915

1. **TRADE-NAMES—INFRINGEMENT—GENERAL CORPORATION LAW, SECTION SIX.**

The prohibition enacted in the general corporation law, section six, providing that no certificate of incorporation of a proposed corporation having the same name as a corporation authorized to do business under the laws of this state, or a name so nearly resembling it as to be calculated to deceive, shall be filed, is equally applicable, under general and well-recognized principles, to the adoption of a trade-name by an individual or copartnership.

2. **TRADE-NAMES—INFRINGEMENT—GEOGRAPHICAL WORDS.**

The fact that the distinctive and similar features of both plaintiff's and defendant's names consist of a combination of geographical names, does not deprive the plaintiff of the right to protection. The trade-name "German American Hand Crochet Button Works" is so similar to "German-American Button Co." as to induce confusion in the trade and the possible deceit of the purchasing public.

3. **UNFAIR COMPETITION—INTENT.**

In a suit for unfair competition, the plaintiff's right to an injunction does not depend upon the intent with which defendant's name was adopted.

4. **UNFAIR COMPETITION—DAMAGES.**

If the court can see that confusion and deception is likely to result from the similarity of names, it will not refuse injunctive relief, because actual damage has not been shown.

On appeal from a judgment dismissing the complaint. Reversed.

For the opinion of the lower court, see 5 T. M. Rep., 189.

Argued before INGRAHAM, P. J., and LAUGHLIN, CLARKE, SCOTT, and SMITH, JJ.

Saul S. Myers, of New York City, for appellant.

Herman Weiss, of New York City, for respondents A. Heymsfeld, Inc., and Nicholas A. Heymsfeld.

Nicholas A. Heymsfeld, of New York City, for respondent Hedwig Heymsfeld.

SCOTT, J.: This action is for an injunction to restrain the defendants from using the trade-name of "German-American Hand Crochet Button Works," upon the ground that such use constitutes unfair competition. Plaintiff, the German-American Button Company, is a domestic corporation having its principal place of business at Rochester, in this state, and also maintaining offices and salesrooms in the city of New York. It employs a number of salesmen and carries on an extensive business, both in the United States and Canada. It began business under its present name in the year 1893, and has continued to do business under that name ever since. Originally plaintiff manufactured but few types of buttons, but by degrees its output has expanded, so that it now manufactures and sells ivory, celluloid, bone, glass, and pearl buttons, as well as buttons covered with knitted silk or other material. It appears that plaintiff's product has become known to the trade as "German-American" buttons.

In the year 1912 Nicholas A. Heymsfeld and two others organized the corporation of A. Heymsfeld, Incorporated, with a capital of \$1,000, for the purpose of doing a general merchandise business, including specifically the buying, selling, manufacturing, and selling as agent or factor buttons, button material, and raw products for the manufacture of buttons of any kind and all kinds and description. An important, if not the principal, business of this corporation has thus far been selling buttons manufactured by Hedwig Heymsfeld, wife of Adolph Heymsfeld, who on November 1, 1912, filed with the county clerk a certificate that she had adopted the trade-name of "German-American Hand Crochet Button

Works." The corporation of A. Heymsfeld, Incorporated, advertises itself as "manufacturers and importers of covered and crocheted buttons" and as "sole selling agents for the German-American Hand Crochet Works."

The plaintiff's claim is that by long-continued use it had established a prior and superior right to the use of the name "German American," as used with reference to the manufacture and sale of buttons, and that the adoption of those words as part of the trade-name of a concern engaged in a like business was calculated to produce confusion and consequent loss to plaintiff.

While it is true that two precisely similar unfair competition cases are seldom to be found, there are certain well-established general principles that are applicable to all. The trade-name used by defendants, and the use of which plaintiff seeks to enjoin, is a purely arbitrary one selected by defendants themselves. If it had been attempted to create a corporation under that name, it is very doubtful if it could have been legally done, for it is provided in the General Corporation Law, § 6, that:

"No certificate of incorporation of a proposed corporation having the same name as a corporation authorized to do business under the laws of this state, or a name so nearly resembling it as to be calculated to deceive, shall be filed or recorded in any office for the purpose of effecting its incorporation, or of authorizing it to do business in this state."

The prohibition thus enacted by statute as to corporations is equally applicable, under general and well-recognized principles, to the adoption of a trade-name by an individual or copartnership. As was said by the Court of Appeals in *Chas. S. Higgins Company v. Higgins Soap Co.* (144 N. Y. 462, 39 N. E. 490, 27 L. R. A. 42, 43 Am. St. Rep. 769):

"It is well settled that an exclusive right may be acquired in the name in which the business has been carried on, whether the name of a partnership or of an individual, and it will be protected against infringement by another, who assumes it for the purposes of deception, or even when innocently used without right to the detriment of another. * * * In respect to corporate names, the same rule applies as to the names of firms or individuals, and an injunction lies to restrain the simulation and use by one corporation of the name of a prior corporation which tends to create confusion and enable the later corporation to obtain, by reason of the similarity of names, the business of the prior one."

And in *Celluloid Mfg. Co. v. Cellonite Mfg. Co.* ([C. C.] 32 Fed. 94) it was said:

"The defendant's name was of its own choosing, and, if an unlawful imitation of the complainant's, is subject to the same rules of law as if it were the name of an unincorporated firm or company. It is not identical with the complainant's name. That would be too gross an invasion of the complainant's right. Similarity, not identity, is the usual recourse, when one party seeks to benefit himself by the good name of another. * * * We may say, generally, that a similarity which would be likely to deceive or mislead an ordinary unsuspecting customer is obnoxious to the law."

The fact that the distinctive and similar features of both plaintiff's and defendant's names consist of a combination of geographical names does not deprive the plaintiff of the right to protection. This feature was present in *Kayser v. Italian Silk Underwear Co.* (160 App. Div. 607, 146 N. Y. Supp. 22 [4 T. M. Rep., 58]), and in *Fuller v. Huff* (104 Fed. 141, 43 C. C. A. 453, 51 L. R. A. 332). In the latter case the United States Circuit Court of Appeals for this circuit said:

"The subject of the unlawful use by competitors of the name under which a rival has previously presented himself to the public and has gained a business reputation, although the name is not strictly a trade-mark, and is either geographical or descriptive of quality, has been frequently of late before the courts, which have demanded a high order of commercial integrity, and have frowned upon all filching attempts to obtain the reputation of another."

So, also, it was said in *British-American Tobacco Co. v. British-American Cigar Co.* (211 Fed. 933-935, 128 C. C. A. 431, 433, [Ann. Cas. 1915B, 363] [4 T. M. Rep., 293]):

"The words 'British-American' may be geographical or political, but in this controversy they have acquired a meaning; they have been irrevocably associated with a large tobacco corporation for a decade, and any other tobacco company with the same name is sure to be associated in the public mind with the elder company, and is sure to reap such benefits as accrue from such association. If there were any valid reason for adopting the name, or if the business were other than tobacco, there might be some reason for the defendant's action; but no honest reason can be suggested for appropriating the name of the old and long-established company. In the absence of any plausible explanation, we have a right to assume that the reason was to secure the advantages which would result from a supposed connection with the well-known company."

We think that there can be no doubt that the similarity of the name arbitrarily selected by defendants to that long used by plaintiffs is calculated to produce confusion in the trade, and to make it possible, at least, that defendants' goods may be sold to persons who believe that they are buying goods from plaintiff.

It seems probable that defendants' name was intentionally adopted with this end in view, but plaintiff's right to an injunction

does not depend upon the intent with which defendants' name was adopted. It was so held in *Vulcan v. Myers* (139 N. Y. 364, 34 N. E. 904), in which the court said:

"The trial court has not found, and the proof not does indicate, any intention on the part of the defendants to infringe upon the plaintiff's trade-mark. * * * On the contrary, their conduct has been such since the commencement of the action as to acquit them of the charge of any wrongful or fraudulent intent. But this question does not arise where nothing but preventive relief is granted. It might be material if damages were sought or claimed."

To the same effect are *Grocer's Pub. Co. v. Grocer's Pub. Co.* (25 Hun, 398, 402); *Chas. S. Higgins Co. v. Higgins Soap Co.*, supra (144 N. Y. at page 471, 39 N. E. 490, 27 L. R. A. 42, 43 Am. St. Rep. 769); *Holmes v. Holmes* (37 Conn. 278, 9 Am. Rep. 324); *American Clay Co. v. American Co.* (198 Pa. 189, 47 Atl. 936); *Fairbanks v. Luckel* (102 Fed. 327, 42 C. C. A. 376).

Nor is it an answer to plaintiff's demand that it has failed to show that any person has as yet been deceived by the similarity of names. It is the liability to deception and consequent injury which justifies the issuance of an injunction in a case like the present, and if the court can see that confusion and deception is liable to result from the similarity of names, it will not refuse injunctive relief because the damage has not already been done. Proof that confusion has already resulted is merely evidence of the liability to deception. (*T. A. Vulcan v. Myers*, supra; *Society of 1812 v. Society of 1812 in the State of New York*, 46 App. Div. 568-573, 62 N. Y. Supp. 355; *Church v. Russ* (C. C.) 99 Fed. 276-279).

Of course the probability of confusion and consequent damage will exist only when plaintiff and defendant are dealing in the same or substantially similar products, and it was upon the ground of dissimilarity of product that the injunction was denied at Special Term; the learned justice relying upon *Corning Glass Works v. Corning Cut Glass Co.* (197 N. Y. 173, 90 N. E. 449). That case, as we read it, differs widely on the facts from the present. The reason why an injunction was refused in that case was because "between the two concerns there has been no competition, nor rivalry, because each produces a distinct class of ware"; that is to say, the plaintiff produced exclusively uncut glass, while defendant produced exclusively cut glass. Between two such essentially

dissimilar products there obviously was not likely to arise any confusion. In the principal case the defendants at present produce and deal in a button covered by hand crochet work. The plaintiff produces and deals in a button covered by machinery with knitting or crocheting. Both seem to be known in the trade as "crochet buttons," although other trade-names are sometimes used to designate the buttons made by plaintiff. Both kinds of buttons are apparently adapted to the like uses, and are so alike in appearance as to be distinguished with difficulty by others than trained experts.

We think it impossible to say upon the evidence that these products of the respective parties are so dissimilar that no confusion is likely to result from the similarity of name against which plaintiff seeks protection. It is true that plaintiff makes many other kinds of buttons with which defendants' present output does not compete; but there can be no assurance that defendants, if confirmed in the use of the present trade-name, will not so expand the business as to compete with plaintiff in every line. Indeed the certificate of incorporation of defendant A. Heymsfeld, Incorporated, expressly provides for such expansion. This of itself is a consideration weighing in plaintiff's favor. (*Collins v. Oliver* [C. C.] 18 Fed. 561-570; *Edison Storage Battery Co. v. Edison Automobile Co.*, 67 N. J. Eq. 44-53, 56 Atl. 861.) If defendants are sincere in their protestations that they seek no adventitious advantage from the use of a name so closely resembling plaintiff's, they should have no difficulty in adopting one which will obviate any probability of confusion.

We are of opinion, on the whole case, that plaintiff has shown defendants to be guilty of unfair trade in the adoption of the trade-name chosen by Mrs. Heymsfeld and used by the corporation of A. Heymsfeld, Incorporated, and that an injunction should issue against the use of the name "German-American Hand Crochet Button Works."

We observe that, although there has been no severance of the action, the court has made two decisions, not identical, and has entered two judgments. This is irregular, since without a severance there can be but one final judgment in an action.

The judgments appealed from are therefore reversed, with

costs and a judgment ordered in favor of plaintiff for the injunctive relief demanded in the complaint, with costs. The findings of fact included in the decisions of the Special Term are reversed, and the findings of fact submitted by plaintiff will be found. If other findings are desired, they may be submitted upon the settlement of the order to be entered herein.

Settle order on notice. All concur.

AMALGAMATED PRESS, LIM. V. AMALGAMATED PRESS, INC., et al.

New York Supreme Court

New York County, Special Term, Part III, January 25, 1916

UNFAIR COMPETITION—COMPETITION NECESSARY.

Where there is no identity between the business of the plaintiff and that of the defendant, and no competition between them, there is not sufficient ground to maintain a suit for unfair competition.

In Equity. On final hearing. Dismissed.

Meyer D. Siegel, of New York City, for plaintiff.

Albert A. Wray, of New York City, for defendant.

HOTCHKISS, J.: Defendant's good faith in selecting its name is not questioned. In a number of its features, *Hoewel Sand Blast Machine Co. v. Hoewel* (167 App. Div., 548 [5 T. M. Rep. 366]) is distinguishable from *Continental Ins. Co. v. Continental Fire Ass'n* (101 Fed., 255). But it is not necessary to decide whether the fact that plaintiff is a foreign corporation not licensed to do business in this State is sufficient ground in itself upon which to deny its right to enjoin the defendant, a domestic corporation, from using its corporate name. This action must fail because there is no identity between the businesses carried on by the two companies and no competition or rivalry between them. Whatever confusion there has been is of a negligible character and has resulted from similarity of name only and not in any way from the manner in which defendant has used its name (*Corning Glass Works v. Corning Cut Glass Co.*, 197 N. Y., 173; *Continental Ins. Co. v. Continental Fire Ass'n*, supra, pp. 256, 257). The mere apprehension that defendant may at some future time avail itself of the

right secured to it by its charter to engage in the publishing business under circumstances which might cause plaintiff inconvenience or loss is too remote and problematical to justify a decree preventing defendant from conducting its present business under its present corporate name. Judgment for defendant dismissing the complaint, with costs.

REPETTI V. LOUIS REPETTI, INC., et al.

New York Supreme Court

New York County, Special Term, January 4, 1916

1. UNFAIR COMPETITION—SIMULATION OF TRADE-NAME.

Where one of the incorporators of a business to which his name is given is the founder and former owner of a similar business, in which his surname has acquired fame, the form of the name of the later corporation must be such as to render it easily distinguishable from that of the earlier business.

2. UNFAIR COMPETITION—IMITATION OF CONTAINERS.

Where the defendants packed their goods in boxes which closely imitate the boxes of the plaintiff in size, color, color of markings, use of coat of arms, identity and location of seal, use of the words "New York" and the name of the maker, an injunction should issue.

3. TRADE-MARKS—SURNAME AS REGISTERED TRADE-MARK.

While a monopoly of a surname may not be secured by registration as a trade-mark in a distinctive form, yet simulation of mechanical and typical peculiarities may, if sufficient to deceive the public, be regarded as a violation thereof.

4. UNFAIR COMPETITION—ADVERTISING.

Where one of the incorporators of a business to which his name is given, is the founder and former owner of a similar business, in which his name has acquired fame, the later corporation may be restrained by injunction from making any representation by sign or speech that its goods are the product of "R—," or of the "Original R—," or of the "Famous R—."

5. UNFAIR COMPETITION—LIABILITY.

The defendants in a suit for unfair competition are directly responsible when they place in the hands of retail dealers the means and the instrumentalities by which the ultimate purchaser may be deceived.

In Equity. On motion for injunction. **Granted.**

See, also, 5 T. M. Rep., 150.

Harry D. Nims, of New York City, for plaintiff.

Palmer & Serles, of New York City, for defendant.

Goff, J.: Many years prior to December 1, 1905, Charles Repetti made candy and conducted a candy business under the name "Repetti." In June, 1899, he adopted a script form of the

name "Repetti" in labeling the boxes containing his candy and for general advertising uses. On April 15, 1905, he applied for registration of the name and the script as a trade-mark, and on August 15, 1905, registration was granted. On December 1, 1905, he sold to "Repetti Company," a corporation, his trade-mark, trade-name, good will and right to use the name "Repetti"; and the corporation continued the candy business in the same premises. On January 24, 1911, the corporation went into bankruptcy. On May 24, 1911, the plaintiff company, under the name "Repetti," was incorporated, and at about the same time the defendants, Charles Repetti, Louis Repetti and Louisa M. Repetti, were incorporated under the title "Louis Repetti, Inc." On June 20, 1911, the trustees in bankruptcy of the "Repetti Company" sold all its assets, rights, etc., to one Jacob A. Brett, who, in turn, on the same day sold all he had acquired from the trustee to "Repetti," the plaintiff company. From the time that Charles Repetti commenced the business it has continued uninterruptedly under the name, Repetti, which name to the trade and to the public became associated with the manufacture and sale of candies. The defendant "Louis Repetti, Inc.," of which the defendant Louis Repetti is president, manufactures and sells candy under the name "Louis Repetti." It is of the manner in which the defendants "Louis Repetti, Inc." and Louis Repetti conduct their business that plaintiff complains, on the grounds of unfair competition and deception of intending purchasers. Briefly summarized, the facts I find from the evidence are: (1) The boxes in which defendants pack and sell their candies are a close imitation of plaintiff's boxes in size, color, color of markings, use of coat of arms, identity of location of seal, of the words "New York," and of the name of the maker. (2) Their boxes are marked "Louis Repetti," when the real name of the maker is "Louis Repetti, Inc.," thus misleading the public into the belief that the candies are made by the individual and not by a corporation. (3) The corporation, "Louis Repetti, Inc.," is the maker of the candy, and not Louis Repetti, and the use of the individual name is designed for unfair purposes. (4) The proper or improper use of a man's own name in his business is not involved. Louis Repetti is not in business for himself. He is an officer of a corporation that uses his name as the maker

of the candy, which is an untruth and designed to deceive. (5) The striking characteristic of the name Repetti as adopted by Charles Repetti was the use of script, the last letter ending in a long flourish underscoring the whole of the name. While the name Repetti used by defendants is not identical in the formation of the letters it is similar to such extent as to produce the same visual impression on the casual observer. The letters are ornamented nondescript and skillfully designed to simulate the script while maintaining perpendicular lines and spacing of letters. But all doubt of the intent to effect similitude vanishes in presence of the flourish on almost exact lines and gradation as that under plaintiff's name. When the name "Repetti" was registered as a trade-mark in its conformation, type and flourish it in all probability was intended to resemble the signature of Charles Repetti, and while a monopoly of a surname may not be secured by a registered trade-mark, yet simulation of mechanical and typical peculiarities which make specific differences may when taken in connection with other circumstances, if sufficient to deceive the public, be regarded as a violation. (6) Descriptive words "original," "original Repetti candy," "original Mr. Repetti," whether used in labeling boxes, advertising or verbal statements by sales persons, are calculated to convey a false impression that the candy made and sold by defendant is made and sold by Charles Repetti; and though defendants may not have given express authority to their various agencies to make such representations, yet they are responsible when they place in the hands of the retail dealers the means and the instrumentalities by which the ultimate purchaser may be deceived. (7) It is not necessary to prove the formation of a specific intent to deceive. Such formation may not be susceptible of proof. In its process it may be the secret and silent operation of the mind, and its existence may only be inferred from external and visible acts. Nor is it necessary to prove actual damage or deception of any particular person. It is sufficient if it appears from a grouping of all the circumstances that for the purposes of unfair dealing there was an intent to deceive and confuse the public to the injury of another. These findings are based on the evidence and in conformity with principles of law that are so well settled that citation of authorities would not add force.

It is proper, however, that note should be made of the recent decision of the Appellate Division in *Schinasi v. Schinasi*—(*New York Law Journal*, November 26, 1915 [5 T. M. Rep., 492]) There it was held that though the plaintiffs were first established in business, the defendants could enter and pursue a similar business, provided they used no artifice, design or deceit to deceive the public, or to represent their goods as the product of the plaintiffs. On the contrary, it was observed that they took special precautions to distinguish one from the other. So the disclosure there was directly opposite to the proof here. The defendants here did not do what defendants Schinasi did; on the contrary they used artifice and deceit to impose on the public their candy as the product of Repetti, the original maker. Judgment should be awarded the plaintiff, enjoining the defendant, "Louis Repetti, Inc.," (1) from using any name in the manufacture or sale of candy by sign, label, advertisement, representation or any other method except the full corporate name; (2) from using or presenting the name "Repetti" in script, or any simulation thereof, or attaching to such name any flourish or scroll; (3) from using boxes or packages, containing its candy of the same color, size and pattern as those used by plaintiff, and any boxes which are a colorable imitation of the plaintiff's boxes; (4) from making any representation by sign or speech that its candy is the product of "Repetti," or of the "original Repetti," or of the "famous Repetti"; and directing (5) that there be used and adopted by the defendant's boxes or packages for containing candy of different color, shape and appearance from those used by plaintiff; that the name and words descriptive of candy be printed in plain black, block letters, and that words of expression be used to clearly distinguish the product from that of the plaintiff, "Repetti," which distinguishing words or expression shall be of equal prominence with the name, and (6) that Louis Repetti individually be enjoined from any acts in connection with his employment by defendant, or as an officer of the defendant, which will pass off or tend to pass off defendant company's goods as and for plaintiff's goods, or defendant company as and for plaintiff. Costs to plaintiff. Will hear counsel on question of reference to ascertain damages.

SCHWARTZ V. MEIORWITZ

*New York Supreme Court**New York County, Special Term, Part I, December 27, 1915*

1. UNFAIR COMPETITION—SIMULATION OF TRADE-NAME—INJUNCTION.

Where an individual or corporation has established a business and carried it on under a trade-name, and another person assumes the same or a similar name, in such a way as to induce persons to deal with him in the belief that he is dealing with the person or corporation who has given a reputation to the name, an injunction may issue. The use of the name "Broadway Little Hungary" for a restaurant should be enjoined on the suit of the originator of the name "Little Hungary" for a similar enterprise.

2. UNFAIR COMPETITION—WHAT CONSTITUTES.

The same fundamental principle of law and equity applies to both trade-marks and trade-names. In either case, such unfair conduct as is calculated to deceive the public into the belief that the business of the wrong doer is the business of him whose name, sign or mark is simulated or appropriated, constitutes the gist of the offense.

In Equity. On motion for injunction. Granted.

Leopold Moschowitz, of New York City, for plaintiff.

Carmody, Kellogg & Gormly, of New York City, for defendant.

PLATZEK, J.: This action is brought for an injunction straining the use by the defendant of the name "Little Hungary" or "Broadway Little Hungary" as a name for a restaurant conducted by the defendant since October 30, 1915, at Forty-eighth street and Broadway, New York City. The rule is now well recognized that where an individual or corporation has established a business, carried it on under a given name and another person assumes the same name or the same name with a slight alteration, in such a way as to induce persons to deal with him in the belief that he is dealing with the person or corporation who has given a reputation to the name, an injunction may issue restraining the use of the name. In *Burrow v. Marceau* (124 App. Div., 665), Ingraham, J., writing for the court said:

"There is no hard and fast rule by which it can be determined when the court will interfere by injunction to prevent what is practically a fraud upon a person engaged in business by the unfair methods of competition. Each case must depend on its own facts, but where it is clearly established that an attempt is being made to get the business of another by any means that involves fraud and deceit, a court of equity will protect the honest trader and restrain a dishonest one from carrying out his scheme."

(See also *Higgins v. Higgins Soap Co.*, 144 N. Y., 492; *Steinfeld v. Nat. Shirt Waist Co.*, 99 App. Div., 286; *Ball v. Broadway Bazar*, 194 N. Y., 429; *People ex rel, Columbia Chemical Co. v. O'Brien*, 101 App. Div., 296; *Vulcan v. Myers et al.*, 139 N. Y. 364; *Soc'y of 1812 v. Soc'y of 1812*, 46 App. Div., 568; *German-Am. Button Co. v. Heymsfeld*, App. Div., First Dept., L. J., December 17, 1915 [6 T. M. Rep., 87]). The same fundamental principle of law and equity applies to both trade-names and trade-marks. In either case such unfair conduct as is calculated to deceive the public into the belief that the business of the wrongdoer is the business of him whose name, sign or mark is simulated or appropriated, constitutes the gist of the offense. The overwhelming weight of the credible proof submitted convincingly establishes that the defendant is taking advantage of the popular business name, successful business efforts, and the result of the endeavors of the plaintiff for and during a period nigh unto a quarter of a century. The restraining order prayed for may issue on plaintiff filing a bond in the usual form in the sum of two thousand, five hundred dollars.

STANDARD MAIL ORDER CO. v. STANDARD MERCHANDISE CO.

New York Supreme Court

New York County, Special Term, Part I, December 27, 1915

UNFAIR COMPETITION—SIMULATION OF TRADE-NAME—INJUNCTION.

A right may be acquired to a name under which a business has been carried on and such name will be protected against infringement by another, who assumes it for the purpose of deception, or even uses it innocently to the detriment of the original appropriator.

In Equity. On motion for preliminary injunction. Granted.

Taylor, Jackson & Brophy, of New York City, for plaintiff.

Edward J. Welch, of New York City, for defendant.

PLATZEK, J.: This is an application for an injunction *pendente lite*. The plaintiff's name is the Standard Mail Order Company and the defendant's name is the Standard Merchandise Company. The grievance asserted is the infringement of the plaintiff's trade-name and unfair competition in connection therewith. Both

parties are engaged in identically like business, which is carried on by taking orders for goods throughout the country on catalogues issued instead of selling over the counter. The plaintiff has been engaged in business for a great many years, so that its gross sales have reached the neighborhood of seven million dollars annually. The defendant was incorporated in the summer of 1915. Both concerns have their headquarters in this city and cater to the same class of customers. In the case of *Higgins Co. v. Higgins Soap Co.* (144 N. Y., 462) the court said:

"It is well settled that an exclusive right may be acquired in a name in which a business has been carried on and will be protected against infringement by another who assumes it for the purpose of deception or even when innocently used without right to the detriment of another. * * * In respect to corporate names the same rule applies as to names of firm or individuals, and an injunction lies to restrain the simulation and use by one corporation of the name of a prior corporation which tends to create confusion or to enable the latter corporation to obtain, by reason of the similarity of names, the business of the prior one."

The conclusion is irresistible, on analysis of the material allegations set out in all the papers submitted, that the defendant seeks to take advantage of plaintiff's good name and good will, established by successful business methods and liberal advertising and to appropriate some of its trade. The testimony under consideration shows that confusion has arisen and will arise in the future because of the similarity of the names and methods of the parties hereto in conducting business (see also *Nat. Cloak & Suit Co. v. Londy & Friend*, 211 Fed. Rep., 760 [4 T. M. Rep., 266]; *Nims on Unfair Competition*, p. 208; *Steinfeld v. Nat. Shirt Waist Co.*, 99 App. Div., 286; *Ball v. Broadway Bazaar*, 194 N. Y., 429; *People ex rel. Columbia Chemical Co. v. O'Brien*, 101 App. Div., 296; *Vulcan v. Myers et al.*, 139 N. Y. 364; *Soc'y of 1812 v. Soc'y of 1812*, 46 App. Div., 568; *Burrow v. Marceau*, 124 App. Div., 665; *German-Am. Button Co. v. Heysmfield*. App. Div., First Dept., L. J. December 17, 1915 [6 T. M. Rep., 87]).—A temporary injunction pending the trial of this action is allowed, conditioned that the plaintiff file an undertaking in the usual form in the sum of five thousand dollars, to be approved by the court.

IN re UNITED DRUG COMPANY

(222 O. G., 729.)

*District of Columbia Court of Appeals**November 29, 1915***TRADE-MARK—NAME OF CORPORATION.**

The word "Stork" is unregistrable as a trade-mark owing to the existence of a corporation named "The Stork Company."

For the decision of the commissioner of patents, from which this appeal is taken, see 5 T. M. Rep., 376.

Mr. Jos. R. Edson and Mr. Arthur W. Murray for the appellant.

Mr. William R. Ballard for the Commissioner of Patents.

SHEPARD, C. J.: United Drug Company appeals from a decision of the Commissioner of Patents denying registration of the word "Stork" as a trade-mark for rubber nipples.

The registration was denied because the Commissioner had on file a certificate of incorporation granted in the State of Maine, in December, 1904, to a corporation entitled The Stork Company.

The case is governed by the decision in *The Asbestone Company v. The Philip Carey Manufacturing Company* (41 App. D. C., 507 [4. T. M. Rep., 161]).

It is not important that The Stork Company is not engaged in the manufacture of rubber nipples. The purpose of its incorporation seems, however, to have been the manufacture of water-proof goods.

The corporate name of The Stork Company is protected by the express provisions of the Trade-Mark Act.

The Commissioner was right, and his decision is affirmed, and this decision will be certified to the Commissioner of Patents.

[NOTE: This holding appears to be erroneous and the precedent which it establishes may easily be the cause of far reaching confusion in the commercial field. The decision is based upon the doctrine of unfair competition and in a case such as this, where no competition exists, it is obvious that no unfair competition can exist. The courts have repeatedly held this to be so. In *Postal Telegraph-Cable Co. v. Livermore & Knight Co.* (1 T. M. Rep., 269) the United States district court held that to sustain an action in unfair competition, actual deceit and injury to the complainant's business must be shown; in *Borden's Ice Cream Co., et al. v.*

Borden's Condensed Milk Co. (3 T. M. Rep., 80) the United States circuit court of appeals held that there can be no unfair competition unless there is competition in fact and that a manufacturer of milk products who has never made ice cream cannot complain of the use of a similar name by another firm in the making of ice cream; in *Longenecker v. Longenecker Bros., Inc.* (3 T. M. Rep., 127) the New York supreme court held that where the complaint shows that the plaintiff is a practicing dentist and that the defendant corporation is organized to manufacture and sell tooth powder and dental supplies, no basis for an action in unfair competition is alleged; in *William Waldorf Astor v. West Eighty-second Street Realty Co., et al.* (5 T. M. Rep., 182) the appellate division of the New York supreme court held that where no competition in business exists between the users of similar trade-names and no financial loss results therefrom, annoyance or inconvenience resulting from the confusion of these names by the public will be considered to be *damnum absque injuria*; in *German-American Button Co. v. A. Heymsfeld, Inc., et al.* (5 T. M. Rep., 189) the New York supreme court held that in an action brought for unfair competition in the use of a trade-name confusing to the public, there is no cause of action in the absence of actual competition between the parties.

Matters relating to unfair competition do not fall within the jurisdiction of the patent office except in so far as they may be considered to relate to trade-mark infringement. The commissioner of patents in *Coca-Cola Co. v. Chero-Cola Co.* (117 Ms. Dec., 56; 5 T. M. Rep., 527) follows a decision of the District of Columbia court of appeals in *Oliver Chilled Plow Works v. The William J. Oliver Mfg. Co.* (3 T. M. Rep., 288) in which it was held that matters of unfair competition were entirely irrelevant and beyond consideration in a trade mark opposition.

Another case in which this point is decided will be found in *Simplex Electric Heating Co. v. D. H. Burrell & Co.* (117 Ms. Dec., 343; 5 T. M. Rep., 466) where the word "Simplex" was refused registration as a trade-mark for steam heated apparatus for pasteurizing milk and apparatus for cooling milk, since the word "Simplex" was a portion of the corporate name of the Simplex Electric Heating Co.]

NOTASEME HOSIERY CO. v. R. H. MACY & Co.

*United States Supreme Court**February 21, 1916*

1. TRADE-MARKS—INFRINGEMENT—MISLEADING NOTICE.

Where, in a suit for infringement of a registered trade-mark, the mark as used by the plaintiff held out to the public as registered precisely the element which the patent office had rejected, the plaintiff is not in a position to obtain relief and the liability of the defendant, if such exists, must be predicated upon grounds of unfair competition.

2. UNFAIR COMPETITION—IMITATION OF LABEL.

If a would-be trade-mark loses its protection as such that means that the public has a right to use it and it would be strange to bring the protection back simply by giving it another name. Nevertheless if the label bearing the trade-mark is deceptively imitated, such imitation may be enjoined.

3. UNFAIR COMPETITION—RELIEF.

Even though it was unfair for the defendant to continue to use, after notice, a label similar to that of the plaintiff, it does not follow that the defendant is chargeable with profits as a matter of course.

4. UNFAIR COMPETITION—RELIEF.

Where, in a suit for unfair competition, resulting from the use, after notice, of an infringing label, the goods were different in character, were called by a different name, were sold mainly in different places and to parties not likely to be deceived and where there is no evidence of deceit or substitution in fact, the plaintiff is not entitled to an accounting of profits.

On writ of certiorari to the United States circuit court of appeals for the second circuit. Reversed as to accounting of profits. Affirmed as to injunction.

For decision of the circuit court of appeals, see 4 T. M. Rep., 425; see also 6 T. M. Rep., 144, 146; 4 T. M. Rep., 52; 3 T. M. Rep., 87.

James H. Griffin, Solicitor, and *E. Hayward Fairbanks*, Counsel, for plaintiff.

Wise & Seligsberg, of New York City, for defendant.

MR. JUSTICE HOLMES delivered the opinion of the Court.

This is a bill in equity brought by the Notaseme Hosiery Company to restrain infringement of a registered trade-mark and unfair competition alleged to have been practiced by the petitioners, and to recover damages and profits. The plaintiff's trade-mark, as registered, was a rectangle with a black band running from the left hand upper to the right hand lower corner, the

upper and lower panels on the two sides of the band being printed in red. As used, it contained the word "Notaseme" in white script upon the black band, with the words Trade Mark in small letters upon the white, and beneath the label was printed "Reg.



REG. U. S. PAT. OFFICE

U. S. Pat. Office." In fact registration had been refused to the label with the word "Notaseme" upon it, that word being merely a corrupted description of the seamless hosiery sold. The defendants, among other items of a large retail business in New York sold hose with seams, which they advertised under the name "Iron-tex." After this name had been adopted in pursuance of their request designs were submitted to them and one was chosen. It turned out that this was made by the printer who had made the "Notaseme" label. It also was a rectangle with a diagonal black



band and red panels, the band in this case running from the right hand upper corner to the left hand lower, and having the word "Irontex" in white script upon the band and "The hose that—wears like iron" printed in black upon the two triangles of red.

The defendants never had seen or heard of the plaintiff, its label or its goods until November, 1909, when they were notified by the plaintiff that they were infringing its registered trade-mark. They ultimately stood upon their rights.

At the original hearing in the Circuit Court it was held that the plaintiff had embodied such a misrepresentation in the trade-mark as used that it would not be protected, and that unfair dealing was not made out. This decision was reversed by the Circuit Court of Appeals on the ground that although the evidence did not show actual deception, the label used by the defendants so far resembled the plaintiff's that it would have deception as its natural result and that the plaintiff was entitled to relief whether the trade-mark on its label was good or bad as such (201 Fed. Rep., 99, 3 T. M. Rep., 87). The plaintiff was allowed to recover profits from a reasonable time after the defendants had notice of the similarity of the two designs, which was put at January 1, 1910 (209 Fed. Rep., 495, 4 T. M. Rep., 52; 215 Fed. Rep., 361; 4 T. M. Rep., 425; 131 C. C. A. 503).

We agree with the Circuit Court that the plaintiff is not in a position to recover for an infringement of a registered trade-mark. The mark that it used held out to the public as registered in the Patent Office precisely the element that had been rejected there. It affirmed that the authority of the United States had sanctioned that for which that authority had been refused, and by grasping at too much lost all so far as this case is concerned. (*Holzapsel's Compositions Co. v. Rahtjen's American Composition Co.*, 183 U. S. 1, 8.)

The liability of the defendant must be derived from unfair competition if it exists.

That it was unfair to continue the use of a label so similar in general character to the plaintiff's we are not disposed to deny. But it does not follow that the defendants are chargeable with profits as a matter of course. Very possibly the statutory rule for wrongful use of a trade-mark may be extended by analogy to unfair competition in a proper case. But as the ground of recovery in the latter instance is that the defendant has taken some undue advantage of the plaintiff's reputation, or that of his goods, and as the nature and extent of the wrong may vary indefinitely, it can-

not be assumed in all cases that the defendant's sales were due to that alone.

Ordinarily imitation is enough to imply that the matter imitated is important at least to the sale of the goods. But when the similarity arises as the one before us did, it indicates nothing, except perhaps the poverty of the designer's invention. Furthermore the defendants' persistence in their use of the design after notice proves little or nothing against them. They had been advertising their goods by name and using the design in connection with the name. The natural interpretation is not that they wanted to steal the plaintiff's goodwill of which they then learned for the first time, but that they wished to preserve their own. When they stood upon their rights, of course they made themselves responsible for the continued use of a label that might be held likely to deceive, and if it should be held manifestly to have that tendency, they would be chargeable for what in contemplation of law was an intentional wrong, or a fraud, although the case is wholly devoid of any indication of an actual intent to deceive, or to steal the reputation of the plaintiff's goods. If the defendants' conduct was a wrong, as we have assumed, it was a wrong knowingly committed, but no further inference against the defendants can be drawn from the fact.

It seems a strong thing to give relief on the ground of unfair competition when the supposed unfairness consists mainly in the imitation of a device that sought, obtained and lost protection as a trade-mark. If a would-be trade-mark loses its protection as such, that means that the public has a right to use it, and it would be strange to bring the protection back simply by giving it another name. If the red square with the diagonal black band is not a trade-mark it would seem to be free to the world. (See *Flagg Manufacturing Co. v. Holway*, 178 Mass. 83, 91. *Saxlehner v. Wagner*, 216 U. S. 375, 380, 381.) We assume that coupled with the script upon the band there is sufficient pictorial similarity to deceive some persons, but, unless we go considerably farther, to charge the defendants with all the profits would be unjust.

The question remains whether the petitioners' sales probably were induced to any large extent by confusion in the mind of the

public between the petitioners' goods and the plaintiff's. The goods were different in character, were called by a different name, were sold mainly in different places and by parties not likely to be mistaken for each other. The petitioners had advertised them as "Irontex" since April 1908. Their business was that of retailers in the City of New York where they were widely known. The Notaseme Company's business was wholesale, from Philadelphia, starting with New England and the South. So far as purchasers bought because the petitioners recommended the goods, or on the strength of the name, by whatever recommended, as distinguished from the colors and figures of the label, or from knowledge of the specific article, or from the preference for full fashioned over seamless hose, or for any reason but the inducement of the red square, bar and script supposed to indicate the plaintiff's hose, the plaintiff has no claim on the petitioners' profits.

There is some indication that the plaintiff's business was mainly in hosiery for men, while Macy & Co.'s was more than three-quarters for women and children. That the name, which the defendants do not imitate, but on the contrary exclude by using another wholly unlike it, was thought more important by the plaintiff than it now is willing to admit, is shown not only by the use of it upon the trade-mark proper, but by the adoption of a new name for the plaintiff company to conform to it. Taking all these considerations into account, coupled with the absence of evidence that any deceit or substitution was accomplished in fact, we find it impossible to believe that any considerable part of the petitioner's business was due to their goods being supposed to be the plaintiff's hose. The petitioners properly were enjoined from further use of the mark, but so far as the decree charged them with profits it is reversed.

Mr. Justice McKenna and Mr. Justice Pitney dissent.

DANIEL O'DONNELL, INC., et al. v. RISCAL MFG. Co., et al.

(228 Fed. Rep., 127.)

United States District Court

Southern District of Iowa, Central Division, September 21, 1915

UNFAIR COMPETITION—CONFLICTING TRADE-NAMES.

The word "Nevermiss" as applied to spark gaps is so similar to the word "Notamiss" applied to the same goods, that its use constitutes unfair competition and should be restrained.

In Equity. On final hearing. Decree for complainants.

Orwig & Bair, of Des Moines, Iowa, for complainants.

Roe & Roe, of Des Moines, Iowa, for defendant.

WADE, District Judge:—The complainants charge defendants with infringement of United States letters patent No. 1,111,963, for an improvement in spark gaps, issued to Gottlieb Knorr, September 29, 1914. The invention is designed to be mounted on a spark plug of an internal combustion engine. The art is not new. The patent is a combination of known elements. The validity of the patent is not denied, and the sole question relating to the patent is whether the defendants infringe. There is also presented the question of unfair competition in trade, arising out of the use of the words "Notamiss" and "Nevermiss," as applied to spark gaps.

* * * * *

Unfair Competition in Trade.

Complainants have employed the trade-name "Notamiss" in its sale of spark gaps. The defendant Meissner has employed the trade-name "Nevermiss." It is not disputed that the names for trade purposes are so much alike that their use would constitute unfair competition. The sole question involved is, which is entitled to the use of the name, and this depends upon which party first established a trade reputation or good will in the manufacture and sale of spark gaps under one or the other of these names.

Without reviewing the evidence, it is sufficient to say that I am convinced that in equity the complainants are entitled to the

use of the name employed by them, and that the defendant Meissner is not entitled to use the trade-name "Nevermiss."

A decree will be prepared by counsel for complainants and submitted to counsel for defendants, who will have five days in which to file objections thereto, and the matter can then be submitted to the court for settlement, if agreement is not had. Such decree will reserve exceptions to the rulings of the court as expressed in the decree.

GEORGE E. KEITH CO. V. LOUIS DIAMOND

New York Supreme Court

Kings County, October 23, 1915

1. TRADE-MARKS—INFRINGEMENT.

The plaintiff's trade-marks, "Walk-over" and the figure of a man stepping over a shoe, are good and valid trade-marks and the use by the defendant of the words "The Walkalover Shoe" and the representation of the figure of a man stepping over three shoes is an infringement thereof.

2. UNFAIR COMPETITION—WHAT CONSTITUTES—ADVERTISING.

The use of the same words and figure as signs upon defendant's show windows is unfair competition and amounts to a false representation that the goods offered by the defendant are of the plaintiff's manufacture.

In equity. On motion for preliminary injunction. Granted.

Oliver Mitchell and *Walter B. Raymond*, for the plaintiff.

Mark S. Feiler, for the defendant.

The plaintiff is a Massachusetts corporation, the defendant a resident of Brooklyn, doing business at 501 Sutter Avenue, Brooklyn. The plaintiff and its predecessors for more than sixteen years last past have made and sold large and steadily increasing quantities of shoes to which the trade-mark and name "WALK-OVER" was affixed and this was registered as a United States trade-mark in 1899. The plaintiff also registered in 1900 a representation of a man stepping over a shoe as a United States trade-mark. During the period of time in which the plaintiff and its predecessors have used the trade-marks above described there has been expended in advertising the goods under the marks and the trade-name "WALK-OVER" more than one million dollars and the

business has grown from two million dollars per annum to about thirteen million dollars per annum at present and for several years over five thousand retail dealers have sold "WALK-OVER" shoes, two hundred stores being exclusively devoted to such sale. In consequence of this extensive advertising and sale and the



labor of the plaintiff in introducing its goods upon the market, the consuming public has come to recognize the goods of the plaintiff and the "WALK-OVER" stores by the insignia above described and the use of such insignia has come to amount to a representation that goods sold in connection therewith are made by plaintiff.

The defendant, Louis Diamond, has offered for sale and sold shoes, bearing indented upon the bottom of the sole the words

Walk-Over

TRADE MARK REG. U.S. PAT. OFF.

"The Walkalover Shoe" and upon the lining the word "WALK-ALLOVER," in a carton bearing upon the end exposed to view the words "The Walkalover Shoe," together with a picture of a man stepping over three shoes. Upon the show windows of the defendant's store a large sign was painted bearing the words "The

Walkalover Shoe" and a pictorial representation of a man stepping over three shoes.

GARRETSON, J: This is more than a coincidence, it is more than the result of subconscious cerebration that a similarity has come to exist between these two trade-names. I think beyond

The Walkalover Shoe

any question that the term "Walkalover Shoe" is calculated to deceive people who know of the "Walkover Shoe," people who are influenced by the trade-name "Walkover Shoe," people who are affected by the advertisements of the "Walkover Shoe." The fact that the name is similar shows that it is intended to be as much like the other as possible with the hope that the addition of one word would be considered not an infringement of the trade-mark, and shows a similarity there which is calculated to lead astray a person of ordinary prudence and ordinary mental capacity so far as trade-marks are concerned, and so far as are concerned



goods of the same general class. As to the figure of the man standing, it is true that you put a hat on him, and the plaintiff's figure has no hat on, and instead of having one shoe between his feet you put two or three, manifestly for the purpose of distinguishing, if possible, between your mark and that of plaintiff's company,

coming as close to it as you possibly can with the hope that it might be regarded as not being an infringement upon it. The similarity is marked, and it is startling. It does not need a man of great acumen to say that this is intended to be like the other, gotten up for the purpose of being like the other.

Judgment for the plaintiff with costs. Settle decree on notice.

BUTLER-BUTLER, INC. v. MARCOGLOU

In re AMERICAN TOBACCO CO.

(156 N. Y. Supp., 407.)

New York Supreme Court

Appellate Division, First Department, December 30, 1915

UNFAIR COMPETITION—INJUNCTION—VIOLATION.

The defendant had been restrained by an injunction from manufacturing, issuing or using any cigarette box or container red in color with a white border on the edges and containing any design, coat of arms, monogram, word or words resembling those on the container used by the plaintiff in the sale of its cigarettes. The defendant manufactured and used a box red in color and with a white border, but this box did not contain any design, coat of arms, monogram or words similar to those used upon the boxes of the plaintiff.

The defendant held not guilty of violation of the injunction.

On appeal from an order issued out of Special Term, New York County, adjudging defendant in contempt of court. Reversed.

Argued before INGRAHAM, P. J., and LAUGHLIN, CLARKE, DOWLING, and SMITH, JJ.

William Harman Black, of New York City, for appellant.

Theodore M. Crisp, of New York City, for respondent American Tobacco Co.

SMITH, J.: Defendant has been charged with contempt in disobeying an injunction contained in a judgment in which the restraining clause reads as follows:

"It is hereby adjudged and decreed that the defendant, his assigns, attorneys, agents, and employes and each of them, be and they are hereby restrained from manufacturing, issuing or using any cigarette box, package, or container, red in color, with a white border around the edges thereof, and containing any design, coat of arms, monogram, or word or words (especially the word 'Kemall'),

resembling the package, box, or container issued and used by the plaintiff, in the sale of its cigarettes known and described as 'Pall Mall Famous Cigarettes,' or in any way resembling the designs, monograms, coats of arms or words used by the plaintiff on its said cigarette boxes, as more particularly shown in Exhibit A filed with the complaint herein."

It will be noticed that the prohibition is against the use of a cigarette package red in color, with a white border around the edges thereof, and also containing any design, coat of arms, monogram, or word or words similar to those appearing upon the boxes in which are sold the "Pall Mall" cigarette. While the color of the box manufactured by the defendant and the white border are similar in appearance to those in which are sold the "Pall Mall" cigarette, it is clear that the boxes do not contain either design, coat of arms, monogram, or words similar to those used upon the boxes in which the "Pall Mall" cigarettes are sold. We are of opinion that the defendant's package complained of in no way so resembles the plaintiff's, and that in using the same the defendant is not guilty of a violation of the injunction contained in the judgment above quoted.

Order reversed, with ten dollars costs and disbursements, and motion denied, with ten dollars costs. Order filed. All concur.

J. I. CASE PLOW WORKS v. J. I. CASE THRESHING MACHINE Co., et al.

(155 N. W. Rep., 128.)

Wisconsin Supreme Court

December 7, 1915

1. TRADE-NAMES—TITLE—PROPER NAME.

A man is entitled to use his own name in manufacturing and selling patented articles, but if another has previously and rightfully made that name valuable as a trade-name applied to goods of the same descriptive properties, then the later appropriator must so distinguish his trade-name as to preserve to the original appropriator the fruits of his industry and to prevent the public from being misled.

2. TRADE-NAMES—RIGHT TO USE.

Where two companies located in the same city, whose trade-names are almost identical, broaden their field of manufacture so that their fields conflict, the fact that the public is ignorant of the separate and distinct identity of the two companies does not deprive the earlier company of its right to be free from unfair competition in the use of its trade-name.

3. UNFAIR COMPETITION—TRADE-NAMES—CORPORATE NAME.

Two companies located in the same city and manufacturing different classes of agricultural implements were both founded by the same man, whose name was made by him a part of the corporate name of each. When one company so broadened its field of manufacture as to include goods similar to those manufactured by the other, the later company may use its corporate name upon these goods, only when accompanied by a conspicuous statement, that such goods are not made by the other and earlier manufacturer.

4. UNFAIR COMPETITION—CORPORATE NAME—ADVERTISING.

Two companies located in the same city and manufacturing different classes of agricultural implements were both founded by the same man whose name was made by him a part of the corporate name of each. When one company broadened its field of manufacture so as to include goods similar to those manufactured by the other, the later company may use its corporate name or that portion of its corporate name which is common to both concerns, in its advertising, catalogues and other printed matter referring to the goods made by both companies, only when accompanied by a conspicuous statement that such goods are not made by the other and earlier manufacturer, even though a new and arbitrary name is selected by the later manufacturer to distinguish his goods.

5. UNFAIR COMPETITION—CORPORATE NAMES—SUBSIDIARY CORPORATIONS.

Where, in a suit for unfair competition, the two parties have very similar corporate names, the organization by persons interested in the plaintiff, of a subsidiary corporation with a third very similar name, to act as selling agent for goods manufactured to compete with those of the defendant and to receive mail defectively addressed to either of the parties in the suit, should be restrained.

6. UNFAIR COMPETITION—CORPORATE NAMES—MAIL.

Where, in a suit for unfair competition, there was shown to be considerable confusion in the proper distribution of mail, that portion of the mail which is defectively addressed should be delivered to the elder institution, where it shall be opened in the presence of a representative of the younger institution, so that both parties may be advised of the contents. In the event of a dispute, application may be made to the court for possession of the letters in dispute.

7. TRADE-NAMES—INFRINGEMENT—GOODS OF THE SAME DESCRIPTIVE PROPERTIES.

An engine-drawn plow outfit is an article of the same descriptive properties with an ordinary hand plow, and the use of the same mark upon the two articles by different companies will therefore cause confusion.

8. TRADE-NAMES—INFRINGEMENT—USE OF MECHANICAL ATTACHMENT.

Where two companies located in the same city, whose trade-names are almost identical, so broaden their field of manufacture as to conflict, the use of the trade-name on an attachment made by one manufacturer for use on an article made by both and which is almost universally sold as a part of that article, is just as misleading as if the name were used upon the article itself. Where the attachment is sold separately, the later manufacturer may use his trade-name or trade-mark upon the attachment, provided it is accompanied by a conspicuous notice which will distinguish his goods from those of the other manufacturer. Where the attachment is sold upon or in connection with the article for which it is intended, the use of the name should be permitted thereon only in connection with a notice that the attached article is not the product of the original manufacturer.

On appeal from circuit court of Racine County. From a judgment for the plaintiff, defendant appeals. Modified and affirmed.

Upham, Black, Russell & Richardson, of Milwaukee (*Thomas M. Kearney*, of Racine, of counsel), for appellant.

Quarles, Spence & Quarles, of Milwaukee, and *Palmer & Gittings*, of Racine (*Wm. C. Quarles*, *Geo. P. Miller*, and *Mackey Wells*, all of Milwaukee, of Counsel), for respondents.

This is a case of alleged unfair competition in trade. The plaintiff and respondent (hereinafter called the Plow Works) brought the action to enjoin the appellant (hereinafter called the T. M. Company) from using the name "Case" or "J. I. Case," either alone or in combination with other words, upon plows or plow machinery sold by it, as well as in advertising such plows and plow machinery, on the ground that these names had become valuable trade-names to the use of which upon plows the Plow Works had acquired the exclusive right. A subsidiary controversy arising upon a cross-complaint filed by the T. M. Company will be set forth later in this statement.

The testimony was voluminous and superficially contradictory, but there was really little dispute as to the fundamental and material facts. These facts will be briefly summarized, using as a basis either uncontradicted evidence or findings of fact made by the trial court based on sufficient evidence.

The Plow Works is a corporation located at Racine which for many years has manufactured plows and tillage machinery. The T. M. Company is also a corporation which has for many years manufactured threshing machines at Racine, and during recent years has extended its activities into other lines, among which are engine-drawn gang plows. Both corporations were founded by Jerome I. Case, who began the manufacture of threshing machines at Racine in 1842. He built up a great and profitable business, and made the name "Case" well and favorably known among farmers and agricultural implement dealers. In 1863 he associated with himself three equal partners. The business continued and grew under the name J. I. Case & Co. In 1876 Case, with three others not interested in the firm of J. I. Case & Co., organized the Case-Whiting Company, a corporation, for the purpose of making plows at Racine. Case owned a large amount of the stock. This company immediately began manufacturing plows on a large scale,

both common walking plows and sulky plows, as well as harrows, cultivators, and tillage machinery of similar nature. In 1880 the name of the corporation was changed to J. I. Case Plow Company. In 1884 it failed, and its property and good will were sold to Mr. Case, who in 1885 organized the plaintiff company and conveyed to it the property of the former company, including its good will. The business of making plows continued without material interruption, and has continued ever since, and the plows soon became generally known in the trade and among farmers as the "Case" or "J. I. Case" plows. J. I. Case owned practically all the stock of the plaintiff from the time of its organization until he transferred it in 1890 just before his death to his daughter and her husband, the latter being the defendant H. M. Wallis, now president of the Plow Works. The plows have acquired their reputation under the name "Case," and the right to use the name on plows is unquestionably a valuable asset.

The T. M. Company was incorporated in 1880 by the partners in the firm of J. I. Case & Co., and succeeded to the property, business, and good will of that firm; Case owning one-quarter of the stock. The corporation continued the threshing machine business of the firm and enlarged it greatly. There was entire harmony between the two corporations for many years. Mr. Case was president of both companies up to his death in 1891. The T. M. Company made the "Case" threshing machines, and the Plow Works made the "Case" plows, and neither sought to invade the field of the other.

The T. M. Company has placed upon its products for many years a trade-mark composed of the picture of an eagle upon a globe with the corporate name and business address upon the globe thus:

J. I. Case
Threshing Machine Co.
Incorporated
Racine Wis.
U. S. A.

The trade-mark of the plaintiff, which has been used upon its products for many years, consists of the picture of a plow share

held up by the hand against an illuminated background with the corporate name and address underneath thus:

J. I. Case
Plow Works
Racine Wis.
U. S. A.

As before stated, the Case-Whiting Company commenced the manufacture of plows in 1876. That manufacture has continued to the present time, and the plaintiff has succeeded to all the rights of the original company. The output at first consisted largely of ordinary walking plows, but horse-drawn sulky plows were also made, and some time prior to 1886 these sulky plows began to be made with gangs of two or three plow bottoms. The sulky plows were arranged with lifting levers, the handles of such levers projecting upward and backward just behind the seat of the driver, so that he could conveniently grasp them if necessary to lift one or all of the plows over an obstruction. In the early 90's the question of the practicability of operating gangs of plows by means of a traction engine or "tractor," instead of horses, was extensively considered by the manufacturers and dealers in plows, and much experimenting done, with more or less satisfactory results. While the change from horse-drawn to engine-drawn plows was not rapid, some progress was made, and in 1893 the Plow Company began to make changes in some of its horse-drawn gang plows which would enable them to be attached to tractors; these changes consisting in altering the position of the lifting levers so that they projected forward, instead of backward, in order that the operator standing on the footboard of the tractor might easily reach them. These gangs were sold to some extent during the years 1893 to 1903, inclusive, but how largely sold does not appear. They were, in fact, horse gangs converted into engine gangs by change in the position of the levers. Gangs made specially for tractor purposes came several years later. About the year 1903 the demand for engine-drawn gangs seems to have died down for a time to be revived a few years later with the development of the gasoline engine. About the year 1908 numerous experiments were being made by plow man-

ufacturers with new forms of tractors and improvements of various kinds in the mechanism of the gangs and their attachments.

In 1909 the plaintiff endeavored to perfect a successful engine-drawn gang plow, and in November of that year sold two gang plows of that type which were successful, and since the spring of 1910 it has offered and sold said engine-drawn gang plow throughout the United States and Canada and marked the same with the words "Case" and "J. I. Case," as it marks its other products. The plaintiff has not itself entered on the manufacture of tractors, but in the fall of 1912 an associate company called the Wallis Company was organized by Mr. Wallis to manufacture tractors which could be sold with the plaintiff's engine gang plows as a complete plowing outfit, and the plaintiff since that time has advertised and sold the Wallis tractor and its own gang plows together as one outfit. This tractor has never been marked with the name "Case" or any compound of that name.

In 1889 the T. M. Company made a steam traction engine for an inventor named Price which was intended to pull a gang of plows. Price bought plow bottoms of the plaintiff and attached the same to a triangular frame which was itself attached to the engine. This was experimental work, and continued for some years; the defendant advancing Price money to carry on his attempt to produce a successful tractor. In 1893 Price had become indebted to the T. M. Company in the sum of \$11,000, and, being unable to pay, he transferred to the T. M. Company all his rights in the engine, plow, and patterns both finished and unfinished. The T. M. Company manufactured some of the Price plowing outfits (purchasing the plow bottoms from the plaintiff), and sold a few outfits, but the number of sales does not appear. They were advertised for two years as the "Jacob Price steam plowing outfit." In 1894 the T. M. Company issued a catalogue devoted to the "Jacob Price field locomotive manufactured at the works of J. I. Case T. M. Company, Racine, for Jacob Price." In 1893 the Plow Works also advertised this outfit for sale as the "Jacob Price field locomotive and steam plow." It does not appear how many of these outfits were sold by either party, but the machine was unsuccessful, and the manufacture and sale seems to have ceased in 1897, having resulted in a loss to the T. M. Company. During

all this time the defendant made no plows, but purchased such as it needed to complete the Jacob Price outfits from the plaintiff. In 1900 it assembled a heavy tractor engine plow made up entirely of parts conveyed to it by Price in 1893, and used it in connection with a new type of tractor engines at several exhibitions in the West. On the engine and gang of plows the name "Case" appeared in large letters, together with the defendant's corporate name and the trade-mark. The entire outfit was sold two years later to a farmer near Winnipeg. In 1902 the defendant constructed an attachment in the shape of a triangular platform on wheels to be attached to the rear of their engine or tractor as a connecting link between the tractor and the plows, and having on the lower beam hooks for the purpose of attaching plow beams thereto. This attachment carried a coal bunker and water tank, and was made and sold by the defendant from 1902 to the present time. It had stenciled on the side in large letters the word "Case," as well as the corporate name of the T. M. Company. It was sold without plows, and was constructed so that gang plows of any standard make could be attached to it, and during the years from 1902 to 1912, 373 of these attachments were sold by the T. M. Company. Still it made no plows.

In 1909 the T. M. Company built and experimented with an engine gang plow with individual beams, but sold none, and abandoned the experiment. Nothing further was done by the defendant till the spring of 1910, when it manufactured what was called a "steam-lift engine gang plow," which embodied a new invention, and of which it sold during 1910 and 1911, 63 outfits, of which 27 were returned as unsatisfactory, and the sale practically ceased in 1911. In these outfits the plows themselves appear to have been manufactured by or expressly for the T. M. Company, and were marked with the word "Case" in large letters, and were so advertised. The advertising of these outfits as the "Case" plowing outfits in trade journals began in January, 1911. Up to that time (with the exception of the plows advertised with the Jacob Price plowing machinery) the T. M. Company had never advertised any plows in trade journals, nor had it made any plows; in fact, it advertised in its catalogue up to 1909 that it did not manufacture or furnish plows.

In January, 1912, the T. M. Company contracted with the Racine-Sattley Company, of Springfield, Ill., for a large number of engine gang plow bottoms. They were made, marked "Case-Sattley engine gang plows," and sold by defendant through that season in connection with its engine made by itself at Racine. In 1913 another contract of the same kind was made, but the plows were marked "Case-Racine," and they were sold in large numbers by defendant. In the fall of 1914 the T. M. Company began making a light engine gang plow for use with a light tractor, the word "Case" being stenciled in large letters on the plow beams. This gang plow was very similar to the light engine gang plow manufactured and sold by the plaintiff for the same purpose in the latter part of the year 1914, and it has attained a considerable sale. There was also a small walking plow designed for grading and breaking marketed by the defendant beginning in the fall of 1910, which plow was made for the T. M. Company by a concern at Sidney, Ohio, and had on the beam the word "Case" in large letters. This plow is quite similar to two or three plows designed for similar uses made by plaintiff. It was sold and advertised as a "Case" plow. In 1912 the Plow Works and the T. M. Company, on the advice of counsel, jointly purchased a Canadian patent for steam lift gang plows in order to protect themselves, each contributing one-half of the expense, and they still own said patent in undivided shares.

The principal product of the T. M. Company has always been threshing machines, and these machines have been known as the "Case" or "J. I. Case" threshing machines for more than 60 years. During the last quarter of a century the T. M. Company has added other lines of manufacture, such as road machinery, traction engines, and automobiles. All this machinery has been known to the trade as the "Case" machinery, and in 1903 the defendant began, and has since continued, to brand its machinery of all kinds with the word "Case" in large letters, and to advertise it as the "Case" machinery in trade journals.

Up to about the time of the making of the contract between the T. M. Company and the Racine-Sattley Company in January, 1912, the Plow Works had no knowledge that the T. M. Company had offered any plows for sale under the name "Case" or "J. I. Case,"

or intended to do so. It learned of the Sattley contract in March following, and immediately protested to the T. M. Company both verbally and in writing against the use of the name. Among purchasers of farm machinery it has been generally supposed that the Plow Works and the Threshing Machine Works were simply branches of one concern. Since entering on the sale of engine gang plows and breaker plows in 1910 the T. M. Company has continuously and extensively advertised them as "Case" plows and plowing machinery or outfits just as it advertised its other articles of manufacture without notification of any kind that the plows were not the original Case plows. Both the engine gang plows and the breaker plows are quite similar in appearance and finish to the plaintiff's plows, and are likely to be mistaken therefor by the ordinary observer. The evidence shows also that they have been mistaken therefor, and that purchasers have, to a greater or less extent, actually been misled, and have purchased the T. M. Company's product in the belief that it was the product of the manufacturer and vender of the original "Case" plows. The different stencilings now used on plows by the two parties do not differentiate the plows to the ordinary observer, and some trade-name other than "Case" or "J. I. Case" must be used to make the purchasing public understand that the plows offered for sale by the T. M. Company are not those made by the plaintiff.

For many years there has been some confusion in the delivery of postal matter to the two corporations. Letters are continually being addressed to "Case & Co." or to "J. I. Case Company" or to "J. I. Case," and these letters so imperfectly addressed have generally been delivered to the T. M. Company, and, if upon examination they appeared to be intended for the Plow Works, they were immediately sent to the latter concern. This was a satisfactory method until the two concerns became business competitors in the manufacture and sale of plows, at which time friction began to appear. In December, 1911, the T. M. Company took the preliminary steps toward changing its name to the J. I. Case Company, and the officers of the Plow Works, learning of this action, at once caused to be organized a new corporation called the J. I. Case Company, with \$100,000 capital stock, and completed the organization before the T. M. Company could complete the pro-

ceedings which it had commenced for change of name, whereupon said proceedings were dropped. The incorporators of the new corporation were three grandsons of the original Jerome I. Case, one of whom bears the name of his grandfather. The purposes of this new organization were stated in its articles to be "the buying, selling, and dealing" in real estate, securities, and merchandise within the "State of Wisconsin and elsewhere," and it was organized to act as sales agent for the products of the Plow Works, but has as yet done no business. Its post office address is Station A, Racine, Wis. Upon the organization of this new corporation in January, 1912, it demanded of the postmaster at Racine that all mail arriving there directed to J. I. Case Company or J. I. Case Co. be delivered to it, and the postmaster referred the demand to the Post Office Department, where, after a hearing at which both sides appeared and were heard by counsel, an order was made May 21, 1912, directing that all mail directed as last aforesaid without other designation of street number or address be delivered to the T. M. Company.

The court found as a fact that the names "Case" and "J. I. Case" have become associated in the public mind as the names of plows made by the plaintiff at its factory in Racine, and have acquired a secondary significance indicating the particular make of plows sold by the plaintiff, which names are of great value, and that the reputation and good will of the "Case" plow, however drawn, was created by, and belongs to, the plaintiff. The court further found, as a fact, that the light engine-drawn gang plow manufactured and sold by both parties have been gradually evolved from the horse-drawn gang plow for many years manufactured by the plaintiff and from the engine-drawn gang plow designed by Jacob Price. It seems that a number of manufacturers make and sell plows performing the same service as the gang plows drawn by light gasoline tractors which are now marketed by both the Plow Works and the T. M. Company, and that there is no patent on such plows. The plaintiff in its original complaint joined the new corporation aforesaid (the J. I. Case Company) as a codefendant with the T. M. Company on the ground that it also claimed the right to have mail addressed to J. I. Case Co. or J. I. Case Company delivered to it, and hence that its presence

was necessary to settle the entire controversy. The defendant T. M. Company by way of cross-complaint alleged that the creation of said new corporation was a sham and a fraud perpetrated by H. M. Wallis, H. M. Wallis, Jr. (his son), and Jerome I. Case, 2d, for the purpose of appropriating to themselves and to the Plow Works the trade-name "Case" and the good will of the T. M. Company, also for the purpose of intercepting the T. M. Company's mail and diverting to the Plow Works orders sent by mail and intended for the T. M. Company. Thereupon the three last-named gentlemen were made parties to the action. Upon the subsidiary questions raised by this cross-complaint the court found that it would be inequitable for the recently organized J. I. Case Company to act as selling agent of the Plow Works, and that equity required that the mail addressed by the short or imperfect names before set forth should be delivered to the T. M. Company except such as may be so addressed that the postal authorities can determine that it is intended for the plaintiff.

The court found as conclusions of law:

(1) That both parties are entitled to make and sell plows such as are now commonly in use, including engine-drawn plows.

(2) That the plaintiff is entitled to the exclusive use, upon plows, tillage implements, and engine-drawn plows, also in its catalogues and advertisements, of the words "Case" and "J. I. Case" as the trade-name or designation of any description of plows made and offered for sale by it.

(3) That the defendant J. I. Case Threshing Machine Company be perpetually enjoined and restrained from selling or offering for sale any plows, walking plows, sulky plows, horse gang plows, engine gang plows, traction gang plows, whether drawn by animal or power propelled, with the name "Case" or "J. I. Case" thereon, or the word "Case" thereon as part of its corporate name, or the word "Case" in connection with other words, as "Case-Sattley" and "Case-Racine," thereon.

(4) That the said defendant J. I. Case Threshing Machine Company shall be enjoined and restrained from using the name "Case" or "J. I. Case," in connection with any other words or letters, upon its plows, or in its catalogues or advertising matter, so as to carry the meaning to the purchaser or reader that it is manufacturing and selling, or selling, plows, the product of the plaintiff, and to that end it shall be restrained and enjoined from using any of the marks, either "Case," "J. I. Case," or its trade-mark or corporate name, upon any plows manufactured or sold by it, except that it may sell and advertise its product under another name so that it will be distinctly understood by persons exercising ordinary care, when they buy plows from the defendant T. M. Company, that they are not acquiring a Case or J. I. Case plow.

(5) That the defendant T. M. Company is entitled to manufacture and vend the so-called "plow attachment," being the triangular platform and levers thereon, together with its other accessories, but not with plows attached thereto, with the name "Case" or "J. I. Case" thereon, and its trade-mark, in addition thereto placing thereon words clearly indicating that it is not manufactured by the plaintiff.

If, however, the same is sold by said defendant, together with the plow beams and bottoms, as a unit, then it is subject to the prohibition as to marking provided in the fourth conclusion of law herein.

(6) That the plaintiff is entitled to judgment restraining the defendant, its officers, agents, and servants, from representing, or holding out, or giving out, in any manner, that the plows sold and offered for sale by it are the product of the plaintiff Plow Works, or that they are original Case plows.

(7) That judgment shall be entered herein that the mail addressed "J. I. Case Company," "J. I. Case Co.," "Case Co.," "Case Company," "J. I. Case & Company," "J. I. Case & Co." shall be delivered to the defendant the J. I. Case Threshing Machine Company, unless addressed by street or number, or by some other designation, to the plaintiff.

That all mail received by the defendant J. I. Case Threshing Machine Company addressed "J. I. Case Company," "J. I. Case Co.," "Case Company," "Case Co.," "J. I. Case & Company," "J. I. Case & Co." be retained by the defendant J. I. Case Threshing Machine Company until 11 o'clock in the forenoon of each secular day at its office, and then be opened and distributed by it, that intended for the plaintiff being forthwith transmitted to it; that at such time and place the plaintiff may have a representative to observe the opening of said mail and the distribution thereof.

That the mail received between the hours of 11 o'clock a. m. and 5 o'clock p. m. be handled and disposed of in the same manner, with the same right to the plaintiff as just hereinbefore described, it being the intention of the court to provide the manner of opening and disposing of the mail so that each of the parties, the plaintiff and the defendant T. M. Company, shall have an equal opportunity to examine the same at such time.

That all mail, if any, received from the post office by the plaintiff addressed "J. I. Case Company," "J. I. Case Co.," "Case Company," "Case Co.," "J. I. Case & Company," "J. I. Case & Co." shall be delivered by said plaintiff, unopened, to the said defendant J. I. Case Threshing Machine Company at 11 o'clock in the forenoon of each secular day at its office, the same to be there opened and distributed in the same manner and with the same rights to each of the parties hereto therein as is hereinabove more particularly defined in relation to mail so addressed delivered by the post office to said defendant J. I. Case Threshing Machine Company.

That the distribution of said mail shall be determined upon and made by an officer or representative of the defendant T. M. Company, but full opportunity shall be allowed the representative of the plaintiff to take notes from any disputed mail matter, so that application can be made to the court for its order as to the disposition to be made thereof.

Let judgment be entered in accordance with these findings reserving therein the right to the court to make such further order or judgment with reference to the mail as the court may hereafter deem proper and equitable.

Judgment was entered granting injunctive relief to the plaintiff practically in the words of the foregoing conclusions of law, and, in addition thereto, dismissing the cross-complaint, except that the J. I. Case Company was perpetually enjoined from acting as selling agent of the Plow Works in selling tractors or engine drawn plows or from selling the same on its own account.

The T. M. Company appeals from the entire judgment, except that part which adjudges that both parties are entitled to

make and sell plows such as are now commonly in use, including engine-drawn plows.

WINSLOW, C. J. (after stating the facts as above). This is a contest over the right to use a proper name as a trade-name. It is unique in that it is a struggle between two corporations for the exclusive right to use the name of their common founder upon certain products which both make. It is not the too frequent case of barefaced trade piracy, where one who happens to bear the same name as that borne by a successful manufacturer goes into the same business and endeavors to appropriate to himself that which he has done nothing to create, namely, the business good will attached to the name as the result of the ability and efforts of the first manufacturer; in a word, it is not the case of the business parasite.

Each of the great corporations engaged in this struggle possesses the name of Jerome I. Case as a part of its own corporate name, and rightfully so, because Mr. Case long ago endowed them with that name with the full consent of all who were then interested in either corporation. The idea doubtless was to give each corporation all the prestige which that name had acquired in farming and industrial circles as the result of the successful manufacture of threshing machines for many years. It was not then supposed that there would ever be business rivalry between the two corporations. Each had its own field, and the thought unquestionably was that each would reap no small degree of profit from the use of the founder's name. Undoubtedly, also, both of these corporations have contributed, each in its own field, to increase the value of the name as a business asset, both are honest in their claims, and it is certain that both are very much in earnest.

The fundamental principles which govern a case of this nature are not numerous, nor are they difficult of abstract statement. The principal difficulty consists in applying them to a concrete case. That difficulty is greater in the present case than it ordinarily is, because of the fact that each party has an undoubted right to the advantages of the name in its own special sphere of business activity, and that these spheres seem to impinge upon each other. This exceptional difficulty can hardly be said to be the fault of either party; yet it is a difficulty resulting

from deliberate and voluntary action of the founder of the two corporations and his business colleagues, through whom both of the parties here must trace their rights. None could have reasonably anticipated this difficulty at the time the foundation for it was laid, but it has come naturally and almost inevitably as the result of the development of the tractor as a motive power. The solution of the difficulty should be sought by both parties, not with ill feeling or rancor, but in good temper, with that broad vision and desire to deal fairly and honestly with each other which ought always to characterize the acts of men of large affairs who are intrusted with the management of great business interests and who aspire to lead in the industrial world.

The legal principles which are controlling here are simply the principles of old-fashioned honesty. One man may not reap where another has sown, nor gather where another has strewn. A man may manufacture and sell unpatented articles and use his own name in doing so, but, if another has previously and rightfully made that name valuable as a trade-name descriptive of the same kind of goods, he has created a property right therein which may not be appropriated by a subsequent manufacturer, even though he bear the same name; and, if necessary to prevent that result, conditions and limitations upon the use of the name will be enforced by the courts, which will preserve to the first manufacturer the fruits of his industry and prevent the public from being misled. The extent of these conditions and limitations varies according to the circumstances of the case, and is limited only by their sufficiency to accomplish the result named. Much more might be said, but little would be gained thereby which would be helpful in the present case. (*Fish Bros. Wagon Co. v. La Belle Wagon Works*, 82 Wis. 546, 52 N. W. 595, 16 L. R. A. 453, 33 Am. St. Rep. 72; *Phoenix Mfg. Co. v. White*, 2 T. M. Rep., 241, 149 Wis. 287, 135 N. W. 891; *Russia C. Co. v. Le Page*, 147 Mass. 206, 17 N. E. 304, 9 Am. St. Rep. 685; *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169, 16 Sup. Ct. 1002, 41 L. Ed. 118; *Herring-Hall-Marvin Co. v. Hall's S. Co.*, 208 U. S. 554, 28 Sup. Ct. 350, 52 L. Ed. 616; *Waterman Co. v. Modern Pen Co.*, 5 T. M. Rep., 1, 235 U. S. 88, 35 Sup. Ct. 91, 59 L. Ed. 142; *Guth Choc. Co. v. Guth* [D. C.] 4 T. M. Rep., 473, 215 Fed. 750.)

There can be no doubt here that the plaintiff has a right to the use of the name "Case" or "J. I. Case" as a trade-name descriptive of plows, and that such right is a valuable right which it is the duty of the court to protect.

The plaintiff and its predecessor (to whose rights it has succeeded) commenced to make plows in 1876, has been making them ever since, and has built up a large business. These plows have become favorably known to the trade and to farmers generally as the "Case" plows. Beginning with the simple walking plow, the plaintiff soon began to manufacture single sulky plows and sulky gang plows, and still later to manufacture gang plows to be drawn by tractors or engines. These engine-drawn gang plows presented some differences in details of construction and in arrangement of levers. They were just as truly plows, however, as was the walking horse plow which the plaintiff first made, or as was the simple tool laboriously hammered out by the village blacksmith two centuries ago. The claim that the engine-drawn plow outfit is a separate and distinct composite tool, and hence cannot be said to be in competition with plows, cannot be entertained for a moment. A plow is a plow, however drawn.

The contention is further made that, because some part of the public had no exact knowledge as to what institution or company manufactured the "Case" plow, and because many supposed it to be made by the same institution or a branch of the same institution which made the threshing machines, therefore the Plow Works have no property right in the trade-name "Case." This claim is very plainly untenable. The important fact is that the name "Case," as applied to plows, has become a valuable thing; i. e., that it is well known that some institution has been making the "Case" plow for many years and has made it a success, and hence that the purchasing public is inclined to buy it, rather than a plow which has no such history behind it. The institution which has stood behind the plow, and, by its energy and business sagacity, has endowed it with its history and its success, is the institution which is entitled to profit by that history now, even though its identity has not always been understood by its patrons.

No claim can be successfully made that the defendant T. M. Company ever made or attempted to make plows and put them

upon the market until the experiment with the so-called "steam-lift" plow in the spring of 1910, which experiment proved a failure, and was abandoned the following year. The first real plow competition began with the making of the "Case-Sattley" contract in January, 1912, and as soon as this step was brought to the plaintiff's attention protest was made followed a few months later by the commencement of this action. Even should the experiment of 1910 be considered as an entry by the T. M. Company into the plow business using the trade-name "Case," there can be no claim made that the T. M. Company has acquired any additional rights thereby. There is no showing of laches after that date, and the fact remains that even then the right to use the name "Case" as a trade-name for plows had been the property of the plaintiff for many years.

It is clear, therefore, that the defendant T. M. Company cannot be allowed to use the name either alone or in combination with other words as a trade-name upon any plows or in advertising any plows which it sells, whether such plows be walking plows, or sulky plows, or gang plows to be drawn by horse or engine power, and the word "plows," as used in this sentence, covers plow bottoms, beams, levers, and any other incidental parts necessary to the operation of the implement which do not form a part of the attachment next to be spoken of. Whether they should be allowed to use their corporate name or their corporate trade-mark thereon is to be considered later.

It appears that, in order successfully to operate engine-drawn gang plows, there must be a connecting structure or platform of triangular shape, which may be utilized for carriage of fuel as well as for the furnishing of the necessary diagonal beam with hooks to which the plows themselves are attached. This so-called attachment has been made and sold by the T. M. Company since 1902, and has had the name "Case" as a trade-name stenciled in large letters on its side in addition to the corporate name of the company. The plaintiff does not claim to have made any such device, at least until very recently, or to have acquired any right to use the word "Case" as a trade-name thereon. The plaintiff claims, however, that, because this attachment is generally, if not universally, sold with the plows as a part of a single

complete outfit or tool, the use of the name "Case" as a trade-name thereon is fully as misleading as the use of that name upon the plows themselves, and this seems entirely reasonable, and accords with the conclusions reached by the trial court. If the attachment is sold with plows attached thereto, we are satisfied that it should not bear the name "Case" as a trade-name or any combination of words containing that name. The ordinary purchaser would certainly not be apt to differentiate between the attachment and the plows themselves, and the name "Case" blazoned on the side of the attachment would be quite as likely to carry to his mind the idea that the plows attached were the original Case plows as if it were placed on the plows themselves. It follows that the prohibition against the use of the trade-name on the attachment should be just as sweeping when it is sold with plows attached as the prohibition against its use on the plows themselves. As to the use of the corporate name or trade-mark thereon that subject will be considered a little later.

The foregoing propositions concerning the use of the trade-name as such upon the plows and the attachments seem clear and simple. Complications arise, however, when the question as to the use of the corporate name and trade-mark upon these articles is considered. On the part of the plaintiff it is claimed that, inasmuch as the name "J. I. Case" occurs in the defendant's name and mark as well as in the corporate name and mark of the plaintiff, the same misleading and prejudicial consequences will result if the T. M. Company be allowed to use its name and mark or either of them upon the plows or attachments as would result from the use of the single word as a trade-name. On the other hand, it is claimed that the defendant cannot be deprived of the use of its lawful name or trade-mark upon its products which it has the right to manufacture and sell.

It seems fairly clear from the wording of the findings and judgment that the trial court agreed with the plaintiff's contention so far as the plows themselves are concerned, and prohibited the T. M. Company entirely from placing its corporate name or trade-mark thereon, but as to the attachment the conclusion seems to be that trade-name, corporate name, and trade-mark might be used if plows were not sold with it, being accompanied by a clear state-

ment that it is not manufactured by the plaintiff. We confess to some difficulty in understanding just what conclusion the court reached with reference to the marking of the attachment when sold with plows attached, as well as with reference to the advertising of plowing machinery. Subdivision 4 of the findings has been specially difficult of interpretation, and we are not sure that we fully understand it now. The fault may well be ours. Our difficulty suggests, however, that others may be troubled in the same way, and, as it is of the utmost importance that the judgment should be so clear and unequivocal in its terms that no two constructions are possible, it seems that it would be well to modify the judgment and recast a number of the provisions so that there may be no possible doubt as to the meaning.

As we construe the judgment, it holds: (1) That both parties are entitled to make plows; (2) that plaintiff is entitled to the exclusive use on plows and in advertisements thereof of the name "Case" or "J. I. Case"; (3) that the defendant T. M. Company is forbidden to use the said trade-name alone or in combination with other words or its corporate name or trade-mark on plows; (4) that it is also forbidden to use the trade-name, corporate name, or trade-mark in advertising plows, except that it may advertise them under a trade-name so different that persons of ordinary care will understand when they buy plows of the T. M. Company that they are not acquiring a Case or J. I. Case plow (query, does this mean that the defendant may use its corporate name and trade-mark in plow advertisements provided it gives the plow itself a different name such as "Badger" or other arbitrary name?); (5) that the T. M. Company may sell the attachment without plows, and put the trade-name "Case" thereon as well as its trade-mark, attaching also words clearly showing that it is not manufactured by the plaintiff, but, if it sells the same with plows, then it is subject to the prohibitory provisions of the fourth clause; (6) that the defendant T. M. Company is prohibited from representing in any way that the plows which it sells are the plaintiff's product or are the original Case plows.

The first clause of the judgment is unappealed from; hence it is the law of the case so far as it goes, and need not be considered.

The second clause agrees entirely with the conclusions already reached and stated in this opinion, and needs no further discussion.

Consideration of the third clause brings us squarely to the question whether the defendant ought to be prohibited from placing its corporate name or its trade-mark on the plows themselves. On this question the defendant T. M. Company urges that it rightfully bears the name "Case" as a part of its corporate name, and that it has rightfully acquired a property right in a trade-mark which embodies its corporate name, and it claims that it cannot be deprived of the use of its name or trade-mark upon its goods, whatever the consequences may be to the plaintiff. There may be found many cases which say, in substance, that a man cannot be deprived of the right to use his name in a lawful business by reason of the fact that the same name has become a trade-name owned by another, and this is undoubtedly true, but this does not mean that it may be used at all times or on all surfaces or in all possible ways; in a word, it does not mean that the use may not be subjected to such conditions as are adequate to protect the public against deception and business competitors against unfair competition. It does mean, of course, that the right to use a proper name is not to be interfered with except so far as it may be necessary to accomplish the purposes mentioned. Is it necessary here? The plaintiff answers in the affirmative, because of the special circumstances which make confusion more than probable, namely, the fact that both the corporate name and the trade-mark of the defendant embody the name "J. I. Case" prominently displayed, and thus in a measure perform the same function and are to all intents and purposes as misleading to the average person as the trade-name alone. This argument is certainly forceful. Nevertheless we are not convinced that there should be a complete denial of the right of the defendant to affix its corporate name to its product. We do not say that this might not be done if there were no other way to prevent unfair competition and fraud, but we do say that it seems that it should be done only as a last resort. We do not deem it necessary in this case. We think that the third clause of the judgment should be modified by adding at the end thereof an exception to the effect that there may be placed at some place on the plow or beam a statement that it is manufactured by the J. I. Case Threshing Machine Company of Racine, but, if this be done, there shall also be placed in plainly legible letters on the beam or other equally

noticeably place on the plow, and so conspicuously displayed as to readily attract the attention of the ordinary observer, the words, "Not the original Case Plow," or, at defendant's option, the words "Not the Case Plow made by J. I. Case Plow Works," the word "Not" in either case to be in capitals. It seems to us that this plan will afford very complete protection to the plaintiff. It means that neither the trade-name nor the trade-mark are to be used on plows, and only the corporate name in connection with a statement of manufacture, but, if this be done, one of the above warnings must accompany it. This applies equally to plows sold singly or in gangs or as part of an engine-drawn plowing outfit.

The fourth clause, as before remarked, is the one which has impressed us as being likely to be misunderstood or construed differently by different minds. This, we think, should be recast and devoted to the advertising feature alone, because the matter of the marking of the plows themselves will be fully covered by the third clause as modified. It is very evident that in the matter of advertising there are some considerations applicable to that feature alone. The T. M. Company makes many and varied articles of machinery, and upon most, if not all, of them (excepting plows) it apparently is entitled to use the name "Case" as a trade-name, as well as to use its corporate name and trade-mark as it may choose. It would not be reasonable to hold that it may not advertise and catalogue its plows and plow machinery (which it rightfully makes and sells) in connection with its other products, and, if it does so, it follows that the trade-name, corporate name, and trade-mark will necessarily be capable of being used in more or less close proximity thereto. The better method here is doubtless to amend and modify the fourth clause so as to provide that whenever and wherever the defendant T. M. Company advertises or catalogues or makes public other printed matter relating to plows, plowing outfits, or plowing machinery it must not use in immediate connection with the printed matter relating to plows or plowing machinery the trade-name "Case" or "J. I. Case" alone or in combination with other words, nor the trade-mark. It may state directly or inferentially that it manufactures the plows, but there must be conspicuously inserted in and as a part of each such advertisement or catalogue or collection of printed

matter in conspicuous type and style which will necessarily arrest the attention of the ordinary person interested in the subject the words, "Our plows are not the original Case Plows," or, at its option, "Our plows are not the Case Plows made by the J. I. Case Plow Works." It may, of course, give its plows an arbitrary name which has not already been appropriated by another plow-maker, and may catalogue and advertise them under that name, but even in that event the warning above given must be displayed in connection with the advertisement or descriptive matter in the catalogue.

The fifth clause relates to the triangular attachment before spoken of. This clause also seems to us to be liable to be misunderstood, and we therefore think it should be modified and recast entirely so as to provide that the defendant T. M. Company is authorized to make and sell the attachment either alone or with the tractor or with the tractor and plows as a complete outfit. If sold without plows attached, whether with or without tractor, it may be sold with the trade-name "Case" or "J. I. Case" thereon, or its corporate name or trade-mark, or with all of them, but in either event there must be placed thereon in close proximity, and in conspicuous lettering, so as to attract the attention of the ordinary observer, the words, "Not made by the J. I. Case Plow Works." In case, however, it is sold with plows attached as a plowing unit, the said defendant is prohibited from placing said trade-name, corporate name, or trade-mark thereon, but may state only thereon that the same is manufactured by the J. I. Case Threshing Machine Company, and in immediate connection therewith, conspicuously displayed so as to be noticed by the ordinary observer, the words, "Plows attached are not the original Case Plows," or, at its option, the words, "Plows attached are not the Case Plows made by the J. I. Case Plow Works."

The sixth clause is a general clause which does not require modification or attention.

The seventh division of the judgment, embracing several clauses, relates entirely to the matter of the reception and disposal of the imperfectly addressed mail. The difficulty here is unquestionably a real one, but one for which no one now in the active management of either concern can be held to be responsible. Its

foundation was laid by Mr. Case when he gave his name to the corporations located in the same city and engaged in manufacturing articles closely allied in their uses and appealing to the same general body of consumers. This difficulty also should be met by the men who have thus inherited it with fairness and an earnest attempt to solve it in a manner just to both companies; in a word, they should meet it like gentlemen, not like angry boys.

The judgment of the court below provides, in substance, that all defectively addressed mail shall go from the post office to the T. M. Company and be opened by a representative of that company at 11 o'clock a. m. and at 5 o'clock p. m. in the presence of a representative of the Plow Works, that the distribution of the mail shall be determined by the representative of the T. M. Company, but that the representative of the Plow Works shall have full opportunity to examine and take notes from any disputed mail matter so that the court may be applied to for an order as to its disposition. We see no valid legal objection to this portion of the judgment. Whether it will prove satisfactory in practical operation may be a more serious question. It does not conflict in any way with the determination of the Post Office Department, but grasps the situation after the postal authorities have completed their work. At this point the court exerts its authority over the persons of the parties, and directs what shall be done by each to insure to the other equitable and fair treatment of a troublesome and doubtful question. There is no interference with personal liberty, or with the right of privacy, or of the constitutional provision against unreasonable searches. These ideas are mere hobgoblins conjured up by an overwrought imagination.

The case is this: The name of the addressee upon a piece of mail is a name not borne by any person or corporation. Two corporations, however, rightfully bear names very much like it. No one can tell which one the writer intended to name. The Post Office Department directs that it shall be delivered to the elder institution, and it is so delivered. The court, having both parties before it, now directs that after such delivery it shall be opened by the representative of the elder institution in the presence of the representative of the younger institution, in order that both parties may be advised at once of the contents, and that applica-

tion may be made to the court for relief in case the letter is assigned to the firm for which it was not intended. If a court of equity cannot deal effectively with such a situation when it is involved in and is really a part of an equitable controversy of which it already has jurisdiction, it would seem to be impotent indeed. We hold that it can, and, so holding, we arrive at the conclusion that this subdivision of the judgment needs no modification.

After thus providing for the treatment of defectively addressed mail, the court dismissed the cross-complaint of the T. M. Company, except that it perpetually enjoined the newly organized corporation (the J. I. Case Company) from acting as selling agent of the Plow Works in the sale of tractors and tractor-drawn plows, and from selling the same on its own account. This latter provision is complained of by the said J. I. Case Company in a brief filed in its behalf, although that company took no appeal. This right is claimed under section 3049a, Wis. Stats. (section 8 of chapter 219, Laws of 1915), by which it is provided that any respondent may have a review of rulings of which he complains by serving on the appellant, before the case is set down for argument, a notice stating in what respect he asks for review, reversal, or modification. This act went into effect September 1st of the present year, and the respondent served its notice September 10, 1915, while the case had been set down for argument in the preceding August. It seems therefore that we might well refuse to consider the question, but we have deemed it best to give it examination, to the end that there may be no ground for saying that consideration has not been given to all phases of the controversy. The contention of the J. I. Case Company, so-called, does not make a strong appeal to the mind which is striving to look at the whole matter fairly and impartially. The company was organized hurriedly as an expedient to prevent the T. M. Company from changing its name and assuming the name of the J. I. Case Company. It was evidently intended also to serve as a means of adding still greater confusion to the mail situation and reaping if possible the benefit of the confusion in the public mind as to the identity of the two senior corporations. These objects can hardly be approved of or held to be consistent with anything like a high code of business ethics.

In view of our statute (section 1772, Stats. Wis. subd. 2) which provides that the name assumed by a corporation "shall be such as to distinguish it from any other corporation organized under the laws of this state," it may well be considered as doubtful whether, under the circumstances of confusion in the public mind here present, the name J. I. Case Company could lawfully be adopted by any corporation. Is it such a name as will distinguish the corporation adopting it from any other corporation? Is it not, on the other hand, a name that will inevitably confuse the corporation adopting it with one, if not two, existing corporations? These questions are not presented so that they can be authoritatively answered in this case, but we suggest them as questions for the serious consideration of all parties to this litigation.

The court was evidently of opinion that it would be unfair competition in trade for the newly organized subsidiary company, called the J. I. Case Company, to act as selling agent for the plaintiff in selling tractors and engine-drawn plows, and in this conclusion we concur. So far as the tractor itself is concerned the T. M. Company had a perfect right to make and sell it under its corporate name and trade-mark, and even under its trade-name "Case." The plaintiff company never made a tractor, and it is clear that it had no right in equity to launch a subsidiary corporation bearing a name which would at once be mistaken by the public for the defendant's name, and embark it in the tractor business as the plaintiff's agent in direct competition with the defendant. This is doing, by indirect means, just what the plaintiff claims that the T. M. Company has done with reference to plows. "He who seeks equity must do equity" is just as good a rule now as it ever was.

There are a number of lesser contentions made which we do not deem it necessary to treat specifically. They are overruled without comment, but not without having received attention.

The trial court directed in the findings that the plaintiff should recover costs against the T. M. Company in a sum not exceeding five hundred dollars. In the judgment, signed by the trial judge himself a few days later, it was adjudged that the plaintiff recover of the T. M. Company "its costs which are limited to five hundred dollars (\$500), and its legal disbursements made or incurred herein,

amounting together to ——— dollars.” Three weeks later costs were taxed by the clerk at the sum of \$290.88 for attorney’s fees, and \$858.87 for disbursements, amounting to \$1,149.75 in all, and these sums inserted in the judgment. No appeal was taken from the taxation of costs. It is now claimed that the entry of the judgment, being a ministerial act, must follow the order for judgment, which, as it is claimed, limited the costs, including disbursements, to the sum of \$500.

“Costs,” in its exact sense, includes disbursements (Stats. Wis. § 2921; *Emerick v. Krause*, 52 Wis. 358, 9 N. W. 16), but the word is not infrequently used as meaning attorney’s fees in contradistinction with disbursements, and it is very clear by the wording of the judgment in this case signed by the judge himself that he understood that he had used the word in this latter sense in the order for judgment. It is quite certain that the parties so understood it; for we are not informed by the appellant that any objection was made to the taxation or any review thereof asked in the trial court. When it is evident that the court used the word in this inexact, but colloquial, sense, and that all parties understood that it was so used, we see no objection to so construing it.

Judgment modified as indicated in this opinion, and as so modified, affirmed, without costs, except that appellant is to pay the fees of the clerk of this court to be taxed.

In re HERBST

(222 O. G., 727.)

District of Columbia Court of Appeals

November 29, 1915

TRADE-MARK INTERFERENCE—RES ADJUDICATA.

Where, in a trade-mark interference, the commissioner of patents decided that the mark was unregistrable and no appeal was taken, the question is *res adjudicata* and a new application upon the ground that, in view of later decisions by the court of appeals, the decision was erroneous will not be considered.

For the decision of the commissioner of patents, from which this appeal was taken, see 4 T. M. Rep., 563.

Mr. L. S. Bacon and *Mr. J. H. Milans* for the appellant.

Mr. M. E. Porter for the commissioner of patents.

ROBB, J.:—Appeal from a decision of the patent office refusing to register the words "Old Judge" as a trade-mark for whiskey.

Appellant first applied for the registration of this mark on April 19, 1905. Thereafter an interference was declared between that application and two others. The Patent Office decided that no one of the parties was entitled to registration. No appeal was taken from this decision and it therefore became final. Subsequently Herbst, the appellant here, began the prosecution of his application *ex parte*. Registration was refused by the Patent Office on the ground that the decision in the interference proceeding was *res adjudicata* and, on appeal to this court, that decision was affirmed. (*In re Herbst*, 32 App. D. C., 269.) We said:

Appellant's remedy, if he was aggrieved by the decision of the Commissioner, was by way of appeal to this court. When the time within which an appeal might have been taken from that decision expired the decision became final and was *res adjudicata*, and appellant had no more right to prosecute his original application before the Examiner of Trade-Marks than he would have had to prosecute his application before the Examiner for the second time after an adverse decision by the Commissioner in an *ex parte* case.

The present application was filed on April 12, 1913. Appellant now contends that under a decision of this court rendered subsequent to the decision of the Patent Office in said interference proceeding, the decision of the Patent Office in that proceeding was wrong, and that—

thereafter Herbst filed this application, which seemingly was a proper thing for him to do.

We cannot agree with appellant's contention. Whether the former decision of the Patent Office was right or wrong is not the question. It was final and conclusive of every question that was or might have been presented and determined in that case. (*Blackford v. Wilder*, 28 App. D. C., 535; *United States, ex rel. Newcomb Motor Co., v. Moore*, 30 App. D. C., 464; *in re Herbst*, 32 App. D. C., 269.) As pointed out in the Herbst case, appellant's remedy, if he was dissatisfied with the decision of the Patent Office in the interference proceeding, was by way of appeal to this court. Because, as he now believes, he would have prevailed had he taken such an appeal, in no way changes the situation. He has had his day in court and is not entitled to another for the consideration of the questions previously determined.

The decision is affirmed.

THE STANDARD BREWERY COMPANY OF BALTIMORE CITY V. INTERBORO BREWING COMPANY, INC.

(222 O. G., 728, 1058.)

District of Columbia Court of Appeals

November 29, 1915

TRADE-MARKS—CANCELLATION—GROUNDS.

An application for the cancellation of a trade-mark, depending upon the showing of a superior right of a third party in the mark, should be dismissed.

For the decision of the commissioner of patents, from which this appeal was taken, see 5 T. M. Rep., 108.

Mr. Archibald Cox and *Mr. E. W. Brewington* for the appellant.
Mr. W. H. Small and *Mr. Melville Church* for the appellee.

ROBB, J.: This is an appeal from a final decision of the Patent Office sustaining appellee's application for the cancelation of appellant's registered trade-mark "Bismark" for beer.

In its application for cancelation appellee alleges that it has adopted for use and has used upon bottled beer in interstate commerce this mark, but it does not aver that its date of adoption antedates that of appellant. It does aver, however, that the Massachusetts Breweries Company, a third party, has a right to said trade-mark superior to that of appellant. The Patent Office tribunals, upon the showing made by appellee as to the superior right to this mark of said third party, the Massachusetts Breweries Company, sustained the application of appellee.

Section 13 of the Trade-Mark Act of February 20, 1905, (33 Stat., 724,) authorizes any person who may deem himself injured by the registration of a trade-mark to apply to the Commissioner of Patents to cancel such registration. In *McIlhenny's Son v. New Iberia Ex. of T. P. Co.* (30 App. D. C., 337) we ruled that the right of a party to file such a petition is dependent upon a showing of interest, and that his petition must contain a statement of fact on this jurisdictional question. There the petition failed to state the use of the mark upon goods of the same descriptive properties as those to which the registrant had applied it. Here, while the petition does contain this averment, it would be fatally defective without the additional averment as to use by a third party, for the

reason that the petition does not aver that, as between the registrant and appellant, appellant was the first to adopt and use the trade-mark. The question presented, therefore, is whether the statute contemplates that a party who, upon his own showing, has no right to the use of a trade-mark, may nevertheless prosecute in the Patent Office an application for the cancelation of such trade-mark. We must answer this question in the negative. An application for the registration of a trade-mark must follow the procedure prescribed by law and the rules of the Patent Office. The Commissioner of Patents represents the public and where in due course an application has been granted and a trade-mark registered, the Commissioner may assume that if any person has a superior right to the use of the mark he will invoke the provisions of section 13 of the Trade-Mark Act, to the end that the registration may be canceled. We do not think the statute contemplates that a mere interloper may invoke its provisions. The statute was intended as a shield to the innocent, rather than as a foil to the guilty. The appellee, on its own showing, has no right whatever to the use of this trade-mark. How, then, can it be injured by its registration by the appellant? It is not concerned with the question whether the appellant's right to the mark is superior to that of the third party. If that party deems itself injured by the registration it may invoke the provisions of this statute, but certainly a mere interloper has no standing to invoke it. Appellee's petition, therefore, should have been dismissed.

The decision of the Patent Office is reversed.

[NOTE:—This opinion was originally handed down (222 O. G., 728) by the court on November 29, 1915. Subsequently, on January 14, 1916, the third from the last sentence was revised by the court (222 O. G., 1058).]

THE MANSFIELD TIRE & RUBBER CO. V. FORD MOTOR CO.

(222 O. G., 1056.)

*District of Columbia Court of Appeals**November 29, 1915*

TRADE-MARKS—CORPORATE NAME.

The word "Ford," even though written or printed in a peculiar manner, held unregistrable as a trade-mark for automobile tires, owing to its presence in the name of the "Ford Motor Company" a corporation.

Mr. C. Hugh Duffy for the appellant.

Mr. O. F. Barthell and *Mr. Theo. K. Bryant* for appellee.

ROBB, J.: Appeal from a decision of the Patent Office sustaining the opposition of the Ford Motor Company, the appellee herein, to the registration of the word "Ford" as a trade-mark to The Mansfield Tire & Rubber Company, the appellant.

In the notice of opposition it is alleged that this mark is the same as the mark owned and in use by the appellee and by the appellee appropriated to merchandise of the same descriptive properties, "to wit, for automobiles and their parts, not including engines." It is further set forth that the word "Ford" is "the principal characteristic word of the corporate name of the opposer." It appearing that the Ford Motor Company was incorporated prior to the adoption and use of the word "Ford" by the appellant, the Patent Office denied registration upon the authority of the decision of this court in the case of *Asbestone Co. v. Philip Carey Mfg. Co.*, (41 App. D. C., 507, 4 T. M. Rep., 161). The decision clearly was right. In that case the court, speaking through Mr. Justice Van Orsdel, said:

The statute takes from the realm of possible registration the name of an individual, firm, corporation, or association, except under conditions not existing in this case. This limitation is founded upon sound principles of public policy. "A man's name is his own property, and he has the same right to its use and enjoyment as he has to that of any other species of property." (*Brown Chemical Co. v. Meyer*, 139 U. S., 540.) The same rule applies to a corporation. * * * It is not the business which the statute in this particular aims to protect. It is the corporate name, and it is sufficient that possible damage may be inferred from invading the corporate right which the corporation possesses in its name.

Here, as there, it is sought to register as a trade-mark the principal and distinguishing word of the corporate name of the

appellee. Whether that word is to be written or printed in a peculiar manner is of no consequence for, however it is written, the letters still will spell "Ford" and the domain of the appellee will be encroached upon.

The decision must be affirmed.

[NOTE:—This is the first decision of this court in which there has appeared the statement that a word which is a part of a corporate name is unregistrable *even though written or printed in a distinctive manner*. This question was raised by counsel in the "Stork" case (6 T. M. Rep., 101), but no mention of it was made in the opinion of the court. Consult the note appended to that case, and see also the "Simplex" case (5 T. M. Rep., 466).]

THE ROYAL MILLING COMPANY V. THE J. F. IMBS MILLING
COMPANY

(223 O. G., 290.)

District of Columbia Court of Appeals

November 29, 1915

TRADE-MARKS—TITLE—EFFECT OF CHANGE IN GOODS.

Opposer's right to a trade-mark for flour is not vitiated by a change in the species of wheat used.

For the decision of the commissioner of patents, from which this appeal is taken, see 5 T. M. Rep., 253.

Mr. F. A. Whiteley and *Mr. Bruce S. Elliott* for the appellant.
Mr. Paul Bakewell for the appellee.

SHEPARD, C. J.: The Royal Milling Company filed an application October 18, 1911, for the registration of the word "Rex" as a trade-mark for flour. The mark consisted of a diamond-shaped figure upon which appears in large script type the word "Rex." Below the diamond-shaped figure is a scroll upon which are the words "Rex is King." The word "Rex" is the dominant feature of the mark and is all that is applied for.

The applicant claims a certificate of registration granted to the Royal Milling Company October 3, 1893.

The opposer, The J. F. Imbs Milling Company, claims that it and its predecessors have used the word "Rex" as a trade-mark

for flour continuously since 1873. The mark was adopted originally by J. F. Imbs, who is the senior member of the firm opposing registration.

The proof shows that the mark was adopted and used by J. F. Imbs in 1873 as a trade-mark for flour and has been continuously used since that time by successive firms of which J. F. Imbs was the senior member. He is the senior member of the J. F. Imbs Milling Company. The proof establishes satisfactorily the use of the mark upon the flour packed in barrels since said date.

The Examiner of Interferences and the Commissioner, on appeal, rendered decisions sustaining the opposition, from which there has been an appeal to this court.

The applicant contends that the word "Rex" was fraudulently used by the opponent, basing its contention on the fact that "Rex" was originally used on flour made from soft wheat, but is now used on flour made from hard wheat.

As stated by the Commissioner, it is a well-known fact that twenty-five or thirty years ago hard wheat began to be raised in this country. Since that time it has gone into extensive use, and while the flour made from hard wheat may be different from that made from soft wheat, Imbs's record shows that "Rex" was always used upon good flour, and always on the same grade of flour and he held that the trade-mark is not to be vitiated by a change in the species of wheat used, any more than it would be vitiated by an important change of process in the making of flour.

It appears that the "Rex" flour is of the same grade, of the best flour, and there has been no misrepresentation in its use.

We agree with the Commissioner that no fraud has been shown, and his decision is affirmed.

This decision will be certified by the clerk to the Commissioner of Patents.

DECISIONS OF THE COMMISSIONER OF PATENTS

Descriptive Terms

The name "Worthmore," displayed upon a shield from which extends a panel, the figure of a griffin being mounted on the panel, is not to be regarded as descriptive. There is sufficient arbitrary matter used in connection with the word to make it registrable (*Ex parte, Scholl Mfg. Co.*, 115 Ms. Dec., 248, 5 T. M. Rep., 204; *Ex parte, Charles H. Strohbeck*, 116 Ms. Dec., 202, 5 T. M. Rep., 205).¹

The name "Cleaneasy" for bed pans was properly rejected because descriptive of the goods (*Ex parte Durkee & Co.*, 117 Ms. Dec., 310, 5 T. M. Rep., 460; *Ex parte, Colgate & Co.*, 116 Ms. Dec., 81, 5 T. M. Rep., 113; *Ex parte Seamless Rubber Co.*, 153 O. G., 547; *Florence Mfg. Co. v. Dowd*, 171 Fed. Rep., 122; *Ex parte Maline Mills*, 114 Ms. Dec., 491, 4 T. M. Rep., 563; *Ex parte Louis Myers & Sons*, 114 Ms. Dec., 67, 4 T. M. Rep., 407; *Sam Rosebaum & Sons Co.*, 117 Ms. Dec., 287, 5 T. M. Rep., 460; *Ex parte Freund Bros. & Co.*, 169 O. G., 206, 1 T. M. Rep., 255).²

The word "Nobuckl" with shaded lines above and below it is descriptive as applied to straps and baggage binders, indicating that no buckles are used upon them (*Ex parte, Eberhard Faber*, 115 Ms. Dec., 98, 4 T. M. Rep., 564; and cases cited above).³

The word "Notaseme" for hosiery, is descriptive of the goods (*Ex parte Long-Landreth-Schneider Co.*, 116 Ms. Dec., 5, 5 T. M. Rep., 113; *Anti-Cori-Zein Chemical Co.*, 151 O. G., 452; and cases cited above).⁴

Conflicting Marks

The trade-mark "Ac/mi/Co" is not so similar to the word "Acme," which is in very common use as a trade-mark, as to be rejected on that ground. It should be passed for publication and registered, if not opposed.⁵

A mark for motor lubricating oil, consisting of the head of a tiger holding in its mouth a package on which appears a picture of

¹ *Ex parte, Block Bros. Clothing Co.*, 118 Ms. Dec., 6.

² *Ex parte, Meincke & Co.*, 118 Ms. Dec., 98.

³ *Ex parte, Kerr Adjustable Strap Co.*, 118 Ms. Dec., 99.

⁴ *Ex parte, Notaseme Hosiery Co.*, 118 Ms. Dec., 100.

⁵ *Ex parte, Acme Milling Co.*, 118 Ms. Dec., 80.

the head of a tiger and the name "Tiger Motor Oil" conflicts with a full figure of a tiger for the same goods. Differences in the marks do not help if the public would know the goods by the same name. In *Robinson-Norton & Co. v. The Royal Tailors* (117 Ms. Dec., 330, 5 T. M. Rep., 464), it was held that the head of a tiger was equivalent to the full length figure of a tiger standing or reclining. This case is on appeal to the court of appeals and must be followed until reversed. If reversed, the present case may be reconsidered.¹

A mark for overalls, "Big 3," the "3" enclosing a man in working clothes, does not conflict with the phrase "Big 5," the loop of the "5" enclosing pictures of five men. The marks differ radically except for the word and the ideas. If the parties were the only ones using the word "Big" followed by a numeral, there might be some question whether the public would be confused, but "Big 4" being already registered by another user, neither party is entitled to use the word "Big" except in connection with his particular context (*Liggett & Myers Tobacco Co. v. Finzer*, 128 U. S., 182; *Nestle & Anglo-Swiss Condensed Milk Co. v. Walter Baker & Co.*, 167 O. G., 765, 1 T. M. Rep., 90; *Cole Co. v. The American Cement & Oil Co.*, 130 Fed. Rep., 703).²

Where two marks alleged to conflict have nothing in common except the word "Veribest," to the exclusive use of which neither party is entitled, there is no conflict between the marks and an interference should be dissolved.³

The name "National" for envelopes is not sufficiently similar to the words "National Bank" for writing paper that the former should be rejected on account of the latter registered mark. In view of the difference between the goods and the marks in meaning, the application should be passed for publication and registered, if not opposed.⁴

The name "Federal Reserve" is anticipated by the word "Federal" previously registered for the same goods. Where a registration covers one word, that word should not ordinarily be

¹ Ex parte, Owen Oil Co., 118 Ms. Dec., 93.

² Scholl Day Co. v. Levy Overall Mfg. Co., 118 Ms. Dec., 126.

³ Crocker Grocer Co. v. Acme Mills, 118 Ms. Dec., 277.

⁴ Ex parte, National Papetrie Co., 118 Ms. Dec., 281.

registered as part of another mark. (On rehearing, see 5 T. M. Rep., 115).¹

The word "Notaseme" for hosiery conflicts with the name "Seamless" for the same goods. The marks are totally different in appearance and sound but they have the same meaning (*National Biscuit Co. v. Baker*, 95 Fed. Rep., 135; *Ex parte Revere Rubber Co.*, 182 O. G., 509, 2 T. M. Rep., 424).²

A red stripe or tread for rubber automobile tires is not to be rejected because of the prior registration of a blue stripe similarly used and apparently intended to suggest the name "Blue Streak." There is enough doubt of the similarity of the marks to pass the application for publication and register it, if not opposed (*Good-year Tire & Rubber Co. v. Republic Rubber Co.*, 213 O. G., 362, 5 T. M. Rep., 159).³

Description of Goods

The term "Henfeed" is sufficiently definite as a description of the goods for which registration is sought, since all hen feeds are included in one class.⁴

The term "Carpenter's tools" is sufficiently definite as a description of goods in an application to register a trade-mark where the same mark was registered in the year 1902 under the previous law, with the same description of goods.⁵

Proper Name

The name "McCaskey" printed in ordinary type on a slightly curved line is not distinctively displayed. While the court would probably protect the user of the name, no way is seen to allow the registration (*in re Success Co.*, 152 O. G., 958).⁶

Right to Oppose

Opponent proposed to adopt and use the trade-mark "Sta-Tite" for piston ring packing, but was advised that it was descriptive. Opponent, however, used it in advertising upon bills and memoranda and his goods were ordered under that name by customers. Such use of the mark is sufficient to give him an interest

¹ *Ex parte E. A. Bouer Co.*, 118 Ms. Dec., 282.

² *Ex parte, Notaseme Hosiery Co.*, 118 Ms. Dec., 100.

³ *Ex parte, Fisk Rubber Co.*, 118 Ms. Dec., 56.

⁴ *In re F. B. Chamberland Co.*, 118 Ms. Dec., 163.

⁵ *Ex parte, Stanley Rule & Level Co.*, 118 Ms. Dec., 213.

⁶ *Ex parte, McCaskey Register Co.*, 118 Ms. Dec., 203.

to oppose the registration of the mark by another. Inasmuch as the ground of opposition is that the mark is descriptive, it matters not whether the opponent's use of it was before or after that of the applicant (*Natural Food Co. v. Williams*, 133 O. G., 232; *H. W. Johns-Manville Co. v. American Steam Packing Co.*, 145 O. G., 257; *Electro Steel Co. v. Lindenburg Steel Co.*, 215 O. G., 977, 5 T. M. Rep., 295).¹

What May Be a Trade-Mark

The name "Strat" applied to a game was rejected by the examiner, because he held that it was not a trade-mark, but the name of the game itself, and that it was the same as the title of a book (*Bloch v. Ehrich*, 44 Fed. Rep., 793). However, the words "Kodak," "Celluloid" and "Linotype" are good trade-marks, but they are quite as inseparable from the articles to which they are applied as is the word "Strat" applied to the game in question. There is no reason, therefore, why the mark should not be registered (*Lyman v. Burns*, 47 O. G., 660; *Williams v. Mitchell*, 106 Fed. Rep., 168; *Selchow v. Baker*, 93 N. Y., 59; *Selchow v. Chafee*, 132 Fed. Rep., 996).²

Amendment of Petition for Cancellation

A motion was made to amend the petition for cancellation after testimony had been taken by both parties and just before the expiration of the time to take rebuttal testimony. The amendment sought to set up that the marks were not properly registrable. In view of the fact that if the amendment were not granted the petitioner was precluded from another application to cancel on the same ground (*Bluthenthal & Bickart v. Bigbie Bros. & Co.*, 143 O. G., 1346), the motion was properly granted, since the amendment does not change the purpose of the proceeding. It is not uncommon for the courts, under such circumstances, to impose terms, but in view of the lack of any precedent, no terms should be imposed in this instance. Hereafter, however, motions to amend should not be granted after testimony is taken, except on terms (*Thompson-Houston Electric Co. v. Nassau Electric Co.*, 110 Fed. Rep., 646).³

¹ *Piston Ring Co. v. Sta-Tite Packing Ring Co.*, 118 Ms. Dec., 8.

² *Ex parte, Dudley H. Wiggins*, 118 Ms. Dec., 71.

³ *R. S. Howard Co. v. Baldwin Co.*, 118 Ms. Dec., 180.

Title by Assignment

Parties began the use of the mark "Imperial" for skirts in 1874 and in 1903 transferred to Roggen Bros. & Co. part of their business with the right to use the mark on skirts, but continued to use it themselves. The petitioner, upon an application to cancel, began to use the mark in 1898 and claimed that the transfer was invalid and that the title of Roggen Bros. & Co. dated only from 1903. Held, that enough of the business had been transferred to support a conveyance of the mark. Probably, the assignee could have stopped the assignors from using the mark had he desired to do so. If, as contended by the petitioner, no transfer of the mark was really made, then the petitioner is a mere trespasser, because the assignors are prior in point of time. The application to cancel was properly dismissed (*B. Fisher & Co. v. The Knickerbocker Mills*, 211 O. G., 955, 5 T. M. Rep., 103).¹

Use—Proof of Sales

The applicant applied to register the name "Pathfinder" for coffee. The registrant had registered it in 1910 and took no testimony, relying upon its registration as *prima facie* proof of title. It was held that the former company had shown a prior date of use, 1896. The commissioner remarked that probably it was not necessary to show actual sales after goods were exposed for sale with the trade-mark upon them; this, in itself, no doubt, would be sufficient.²

J. T. NEWTON,
First Assistant Commissioner.

¹ *Henry Myer & Co. v. Roggen Bros. & Co.*, 118 Ms. Dec., 227; on rehearing 118 Ms. Dec., 241.

² *National Grocer Company v. Steinwender-Stoffregen Coffee Company*, 117 Ms. Dec., 270.

HANOVER STAR MILLING COMPANY V. D. D. METCALF

ALLEN & WHEELER CO. V. HANOVER STAR MILLING COMPANY

*United States Supreme Court**March 6, 1916*

1. TRADE-MARKS—INFRINGEMENT—ELEMENTS.

The essential element of wrong is the same in cases of trade-mark infringement as in cases of unfair competition unaccompanied by trade-mark infringement, the essence of the wrong consisting in the sale of the goods of one manufacturer or vendor for those of another. In fact, the common law of trade-marks is but a part of the broader law of unfair competition.

2. TRADE-MARKS—CHARACTER OF RIGHT.

The right to a trade-mark grows out of use and not mere adoption. A trade-mark is merely a protection for good-will and is not the subject of a property right, except in connection with an existing business.

3. TRADE-MARKS—RIGHTS OF PRIOR USER.

In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation determines their rights. But where two parties are independently employing the same mark upon goods of the same class, in separate markets, wholly remote the one from the other, the question of prior appropriation is legally insignificant, at least unless it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.

4. TRADE-MARKS—TERRITORIAL LIMITATION OF RIGHTS.

A corporation which had used a mark on flour since 1872 in Ohio, Pennsylvania and Massachusetts, *held* not entitled to enjoin the use of the same mark on the same goods by one who has used the mark in good faith, though only since 1886, in Alabama, Mississippi, Georgia and Florida and has never encroached upon the plaintiff's territory.

Neither is the latter corporation precluded, because of prior use of the mark by another outside its territory, from enjoining a trespasser upon its territory who is guilty of unfair competition in the manner of his trading as well as in the use of the trade-mark.

5. UNFAIR COMPETITION—FRAUDULENT INTENT—INJUNCTION.

Where the defendant, who was unable to secure an agency for the distribution of the plaintiff's flour in a certain territory, contracted with another manufacturer to sell its flour in the same territory under the same trade-mark and in packages so closely resembling plaintiff's as to deceive purchasers, even though the name of the latter manufacturer was not concealed, the circumstances indicate a fraudulent intent to palm off the flour of the latter manufacturer as that of the former, the reputation of which had been well established, and the plaintiff is entitled to a restraining injunction irrespective of any claim by the defendant of affirmative trade-mark rights in that territory. ~

First case, on writ of certiorari to the United States circuit court of appeals, for the fifth circuit. Reversed.

For the opinion of the lower court, see 3 T. M. Rep. 269.

Second case, on writ of certiorari to the United States circuit court of appeals, for the seventh circuit. Affirmed.

For the decision of the lower court, see 8 T. M. Rep. 521.

Edgar L. Clarkson, James E. Morrisette, Henry Fitts, and John London, attorneys for Hanover Star Milling Company.

J. Fred Gilster, solicitor, and *Edward Everett Longan*, of counsel, for D. D. Metcalf.

J. Fred Gilster, and *L. O. Whitnel* (*Edward Everett Longan*, of counsel) attorneys for Allen & Wheeler Co.

MR. JUSTICE PITNEY delivered the opinion of the Court.

These cases were argued together, and may be disposed of in a single opinion.

In No. 28, the Hanover Star Milling Company, an Illinois corporation engaged in the manufacture of flour in that state, filed a bill in equity on March 4, 1912, in the United States district court for the middle district of Alabama, against Metcalf, a citizen of the state of Alabama and a merchant engaged in the business of selling flour at Greenville, Butler County, in that state, to restrain alleged trade-mark infringement and unfair competition. The bill averred that for twenty-seven years last past complainant had been engaged in the manufacture of a superior and popular grade of flour, sold by it at all times under the name of "Tea Rose" flour, in a wrapping with distinctive markings, including the words "Tea Rose" and a design containing three roses imprinted upon labels attached to sacks and barrels; that this flour had been marketed thus by complainant in the state of Alabama for the preceding twelve years, during which time, by maintaining a high and uniform quality, by expensive advertising, and by diligent work of its representatives, it had built up a large and lucrative market, with annual sales of more than one hundred seventy-five thousand dollars of Tea Rose flour in that state, and had established a valuable reputation for the name "Tea Rose" and the distinctive wrappings in Alabama and other states, particularly Georgia and Florida; that until shortly before the commencement of the suit complainant's Tea Rose flour was the only flour made, sold, or offered for sale under that name in Butler County or elsewhere in

the state of Alabama, and the name "Tea Rose" had represented and stood for complainant's flour; and that recently the Steelevator Milling Company, of Steelevator, Illinois, had through Metcalf's agency, been marketing in Alabama, and particularly in Butler County, flour of its manufacture, in packages and wrappings substantially identical with complainant's and bearing a design containing three roses and the name "Tea Rose" upon the labels, in a manner calculated to deceive, and in fact deceptive to purchasers, thereby threatening pecuniary loss to complainant exceeding three thousand dollars in amount and destroying the prestige of complainant's "Tea Rose" flour and damaging its trade therein.

Defendant's answer denied all attempts to deceive purchasers, and further denied complainant's right to the exclusive use of the words "Tea Rose" or the picture of a rose as a trade-mark; averred that long prior to complainant's first use of it, and as early as the year 1872, the name had been adopted, appropriated, and used as a trade-mark for flour by the firm of Allen & Wheeler, of Troy, Ohio, and used by it and its successor, the Allen & Wheeler Company, continuously as such; and alleged that the Steelevator Milling Company had used its "Tea Rose" brand for more than sixteen years last past, and as early as the year 1899 had sold flour in Alabama under that label.

Upon consideration of the bill and answer and affidavits submitted by the respective parties, the district court granted a temporary injunction restraining Metcalf from selling flour, labeled "Tea Rose," manufactured by the Steelevator Company or any person, firm, or corporation other than the Hanover Company, at Greenville, or at any other place in the middle district of Alabama. Upon appeal, the circuit court of appeals for the fifth circuit reversed this decree and remanded the cause with directions to dismiss the bill. (8 T. M. Rep., 269; 204 Fed. Rep., 211.) A writ of certiorari was then allowed by this court.

In No. 80, the Allen & Wheeler Company, a corporation of the state of Ohio, manufacturing flour at the city of Troy in that state, filed a bill against the Hanover Star Milling Company on May 28, 1912, in the United States district court for the eastern district of Illinois, averring that in or before the year 1872 the firm

of Allen & Wheeler, then engaged in the manufacture of flour at Troy, adopted as a trade-mark for designating one of its brands the words "Tea Rose," and from thence until the year 1904 continuously used that trade-mark by placing it upon sacks, barrels, and packages containing the brand and quality of flour designated by that term and sold throughout the United States; that in 1904 the Allen & Wheeler Company was incorporated and took over the mills, machinery, stock, trade-mark, and good-will of the firm, since which time the corporation had continued to use the trade-mark upon flour of its manufacture, and had distributed and sold such flour in the markets of the United States, whereby the words "Tea Rose" had become the common-law trade-mark of the Allen & Wheeler Company; that recently it had learned that the Hanover Star Milling Company had adopted the words "Tea Rose" as designating a brand of flour manufactured by it, and, notwithstanding notice of complainant's rights, was persisting in the sale of its flour under that name and threatening to continue so to do; and that defendant had sold large quantities of Tea Rose flour, particularly in the markets of the states of Alabama, Florida, and Mississippi, with large gross sales, and profits approximating five thousand dollars per year for the past five years, causing damage and loss to complainant in excess of three thousand dollars. An injunction and an accounting of profits were prayed. Upon this bill, a demurrer filed by the Hanover Company, and affidavits presented by both parties, the district court granted a temporary injunction restraining the use of the words "Tea Rose" as a trade-mark for flour, without territorial restriction. The circuit court of appeals for the seventh circuit reversed this decree, and remanded the cause to the district court for further proceedings not inconsistent with its opinion. (8 T. M. Rep., 521; 208 Fed. Rep., 518.) An appeal was taken to this court, and a writ of certiorari was subsequently granted. The appeal must be dismissed for want of jurisdiction, and the case will be disposed of under the writ of certiorari.

No question is raised respecting the propriety of passing upon the questions at issue on a review of decisions rendered upon applications for temporary injunction. Both district courts granted such injunctions, and both circuit courts of appeals reversed upon

grounds that went to the merits. These courts differed upon fundamental questions, and it was because of this that the writs of certiorari were allowed, the situation being such that it was deemed proper to allow them before final decrees were made, notwithstanding the general rule to the contrary. (*American Const. Company v. Jacksonville Railway*, 148 U. S., 872, 878, 884; *The Three Friends*, 166 U. S., 1, 49; *The Conqueror*, 166 U. S., 110, 118; *Denver v. New York Trust Co.*, 229 U. S. 128, 138.)

In both cases it was shown without dispute that the firm of Allen & Wheeler adopted and used the words "Tea Rose" as a trade-mark for one kind or quality of flour manufactured by it as early as the year 1872, and continued that use until the year 1904, when the Allen & Wheeler Company was incorporated and took over the mills, machinery, stock, trade-mark, and good-will of the firm and succeeded to its business. But there is nothing to show the extent of such use or the markets reached by it, except that in the year 1872 Allen & Wheeler sold three lots of twenty-five barrels each to a firm in Cincinnati, Ohio, and one lot of one hundred barrels to a firm in Pittsburgh, Pennsylvania; that in the early 70's another firm in Pittsburgh was a customer for this brand; and that in the later 70's a firm in Boston, Massachusetts, was a customer for the same brand. As to the Allen & Wheeler Company, there are affidavits stating in general terms that since its incorporation in 1904, and "continuously down to the present time," the company has used the brand "Tea Rose" for flour; but there is a remarkable absence of particular statements as to time, place, or circumstances; in short, no showing whatever as to the extent of the use or the markets reached. There is nothing to show that the Allen & Wheeler "Tea Rose" flour has been even advertised in Alabama or the adjoining states, and there is clear and undisputed proof that it has not been sold or offered for sale or known or heard of by the trade in Alabama, Mississippi, or Georgia. In No. 80, there is uncontradicted proof that the Allen & Wheeler Company is selling flour in Alabama and Georgia, but under the brands "Eldean Patent" and "Trojan Special."

In both suits, the Hanover Star Milling Company introduced affidavits fairly showing that shortly after its incorporation in the year 1885 it adopted for one of its brands of flour the name "Tea

Rose," and adopted for the package or container, whether sack or barrel, a label bearing the name "Tea Rose" and the design already referred to; and that this trade-mark was adopted and used in good faith without knowledge or notice that the name "Tea Rose" had been adopted or used by the Allen & Wheeler firm, or by anybody else. In 1904 the Hanover Company began and has since prosecuted a vigorous and expensive campaign of advertising its Tea Rose flour, covering the whole of the state of Alabama, and parts of Mississippi, Georgia, and Florida, employing many ingenious and interesting devices that are detailed in the proofs, with the result that at the commencement of the litigation its sales of Tea Rose flour in these markets amounted to more than one hundred and fifty thousand dollars a year, the Hanover Star Milling Company has come to be known as the Tea Rose mill, the reputation of the mill is bound up with the reputation of Tea Rose flour, and "Tea Rose" in the flour trade in the territory referred to means flour of the Hanover Company's manufacture. There is nothing to show any present or former competition in Tea Rose flour between the latter company and the Allen & Wheeler firm or corporation, or that either party has even advertised that brand of flour in territory covered by the activities of the other.

Metcalf's purchases of competing Tea Rose flour, which gave rise to the suit brought by the Hanover Company against him, were made from the Steeleville Milling Company, an Illinois corporation, which appears to have adopted the name and design of a tea rose for flour in the year 1895.

It should be added that, so far as appears, none of the parties here concerned has registered the trade-mark under any act of Congress or under the law of any state. Nor does it appear that in any of the states in question there exists any peculiar local rule, arising from statute or decision. Hence, the cases must be decided according to common-law principles of general application.

Interesting and important questions are raised concerning the territorial extent of trade-mark rights. In behalf of the Hanover Company it is, in effect, insisted: (a) that the failure of the Allen & Wheeler Company and its predecessors to enter the southeastern territory with their Tea Rose flour, and the fact that such flour has been and is wholly unknown there under that name, disentitle

it to interfere with the Hanover Company's trade established in good faith in that territory under the same mark; (b) that the same considerations entitle Hanover to affirmative trade-mark rights of its own, enforceable against the Steeleville Company and everybody else over whom it has priority in that territory; and (c) that Hanover is entitled to relief against Steeleville and against Metcalf as its agent, upon the ground of unfair competition in trade regardless of the trade-mark right. An affirmative answer to the first proposition will decide the Allen & Wheeler case (No. 80) in favor of Hanover, and an affirmative answer to the third proposition will decide the Metcalf case (No. 28) in favor of Hanover, irrespective of the disposition that might be made of the second proposition. In view of possible consequences to the rights of parties not before the court, it is desirable to limit the range of our decision as much as practicable, especially as the proofs now before us are incomplete and in some respects unsatisfactory.

It will be convenient to dispose first of No. 80. Here the bill is rested upon the alleged trade-mark infringement, pure and simple, and no question of unfair competition is involved. The decision of the court of appeals for the seventh circuit in favor of the Hanover Company and against the Allen & Wheeler Company was rested upon the ground that although the adoption of the Tea Rose mark by the latter antedated that of the Hanover Company, its only trade, so far as shown, was in territory north of the Ohio River, while the Hanover Company had adopted "Tea Rose" as its mark in perfect good faith, with no knowledge that anybody else was using or had used those words in such a connection, and during many years it had built up and extended its trade in the southeastern territory, comprising Georgia, Florida, Alabama, and Mississippi, so that in the flour trade in that territory the mark "Tea Rose" had come to mean the Hanover Company's flour, and nothing else. The court held in effect that the right to protection in the exclusive use of a trade-mark extends only to those markets where the trader's goods have become known and identified by his use of the mark; and because of the non-occupancy by the Allen & Wheeler Company of the southeastern markets it had no ground for relief in equity. Let us test this by reference to general principles.

The redress that is accorded in trade-mark cases is based upon the party's right to be protected in the good-will of a trade or business. The primary and proper function of a trade-mark is to identify the origin or ownership of the article to which it is affixed. Where a party has been in the habit of labeling his goods with a distinctive mark, so that purchasers recognize goods thus marked as being of his production, others are debarred from applying the same mark to goods of the same description, because to do so would in effect represent their goods to be of his production and would tend to deprive him of the profit he might make through the sale of the goods which the purchaser intended to buy. Courts afford redress or relief upon the ground that a party has a valuable interest in the good-will of his trade or business, and in the trade-marks adopted to maintain and extend it. The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another. (*Canal Co. v. Clark*, 18 Wall. 811, 822; *McLean v. Fleming*, 96 U. S. 245, 251; *Manufacturing Co. v. Trainer*, 101 U. S. 51, 58; *Menendez v. Holt*, 128 U. S. 514, 520; *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U. S. 537, 546.)

This essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied with trade-mark infringement. In fact, the common law of trade-marks is but a part of the broader law of unfair competition. (*Elgin Natl. Watch Co. v. Illinois Watch Co.*, 179 U. S. 665, 674; *G. & C. Merriam Co. v. Saalfeld*, 2 T. M. Rep., 448; 198 Fed. Rep., 869, 872; *Cohen v. Nagle*, 190 Mass. 4, 8, 15; 5 A. & E. Ann. Cas. 553, 555, 558.)

Common-law trade-marks, and the right to their exclusive use, are of course to be classed among property rights (*Trade-Mark Cases*, 100 U. S. 82, 92, 98); but only in the sense that a man's right to the continued enjoyment of his trade reputation and the good-will that flows from it, free from unwarranted interference by others, is a property right, for the protection of which a trade-mark is an instrumentality. As was said in the same case (p. 94), the right grows out of use, not mere adoption. In the English courts it often has been said that there is no property whatever in a trade-mark, as such. (*Per* Ld. Langdale, M. R., in *Perry v. Truefitt*, 6 Beav. 78; *per* Vice-Chancellor Sir Wm. Page Wood (afterwards Ld. Hatherly), in *The Collins Company v. Brown*, 8 Kay & J. 428, 426; 8 Jur. N. S., 980; *per* Ld. Herschell in *Redda-*

way v. *Banham*, A. C. 1896, 199, 209.) But since in the same cases the courts recognized the right of the party to the exclusive use of marks adopted to indicate goods of his manufacture, upon the ground that "A man is not to sell his own goods under the pretense that they are the goods of another man; he cannot be permitted to practise such a deception, nor to use the means which contribute to that end. He cannot therefore be allowed to use names, marks, letters, or other *indicia*, by which he may induce purchasers to believe, that the goods which he is selling are the manufacture of another person" (6 Beav. 78); it is plain that in denying the right of property in a trade-mark it was intended only to deny such property right except as appurtenant to an established business or trade in connection with which the mark is used. This is evident from the expressions used in these and other English cases. Thus, in *Ainsworth v. Walsley* (L. R. 1 Eq. Cas. 518, 524), Vice-Chancellor Sir Wm. Page Wood said: "This court has taken upon itself to protect a man in the use of a certain trade-mark as applied to a particular description of article. He has no property in that mark, *per se*, any more than in any other fanciful denomination he may assume for his own private use, otherwise than with reference to his trade. If he does not carry on a trade in iron, but carries on a trade in linen, and stamps a lion on his linen, another person may stamp a lion on iron; but when he has appropriated a mark to a particular species of goods, and caused his goods to circulate with this mark upon them, the court has said that no one shall be at liberty to defraud that man by using that mark, and passing off goods of his manufacture as being the goods of the owner of that mark."

In short, the trade-mark is treated as merely a protection for the good-will, and not the subject of property except in connection with an existing business. The same rule prevails generally in this country, and is recognized in the decisions of this court already cited. (See also *Apollinaris Co. v. Scherer*, 27 Fed. Rep., 18, 20; *Levy v. Waite*, 61 Fed. Rep., 1008, 1011; *Macmahon Pharmacal Co. v. Denever Chemical Mfg. Co.*, 118 Fed. Rep., 468, 471, 475; *Congress & Empire Spring Co. v. High Rock Congress Spring Co.*, 57 Barb. 526, 551; *Western v. Ketcham*, 51 How. Pr. 455, 456; *Candee, Swan & Co. v. Deere & Co.*, 54 Ill. 489, 457; *Avery & Sons v. Meikle*, 81 Ky. 78, 86.)

Expressions are found in many of the cases to the effect that the exclusive right to the use of a trade-mark is founded on priority of appropriation. Thus, in *Canal Co. v. Clark* (18 Wall. 811, 828), reference is made to "the first appropriator"; in *McLean v. Fleming* (96 U. S. 245, 251), to "the person who first adopted the stamp"; in *Manufacturing Co. v. Trainer* (101 U. S. 51, 53), the expression is "any symbol or device, not previously appropriated, which will distinguish," etc. But these expressions are to be understood in their application to the facts of the cases decided. In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopted has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.

Of course, if the symbol or device is already in general use, employed in such a manner that its adoption as an index of source or origin would only produce confusion and mislead the public, it is not susceptible of adoption as a trade-mark. Such a case was *Columbia Mill Co. v. Alcorn* (150 U. S. 460, 464, affirming 40 Fed. Rep., 676) where it appeared that before complainant's adoption of the disputed word as a brand for its flour the same word was used for the like purpose by numerous mills in different parts of the country.

That property in a trade-mark is not limited in its enjoyment by territorial bounds, but may be asserted and protected wherever the law affords a remedy for wrongs, is true in a limited sense. Into whatever markets the use of a trade-mark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress. But this is not to say that the proprietor of a trade-mark, good in the markets where it has been employed, can monopolize markets that his trade has never reached and where the mark signifies not his goods but those of another.

We agree with the court below (8 T. M. Rep., 529; 208 Fed. Rep., 519) that "Since it is the trade, and not the mark, that is to be protected, a trade-mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark. But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article."

To say that a trade-mark right is not limited in its enjoyment by territorial bounds, is inconsistent with saying that it extends as far as the sovereignty in which it has been enjoyed. If the territorial bounds of sovereignty do not limit, how can they enlarge such a right? And if the mere adoption and use of a trade-mark in a limited market shall (without statute) create an exclusive ownership of the mark throughout the bounds of the sovereignty, the question at once arises, "What sovereignty?" So far as the proofs disclose, the Allen & Wheeler mark has not been used at all, is not known at all in a market sense, within the sovereignty of Alabama, or the adjacent state, where the controversy with the Hanover Star Milling Company arose. And so far as the controversy concerns intrastate distribution as distinguished from interstate trade, the subject is not within the sovereign powers of the United States. (*Trade-Mark Cases*, 100 U. S. 82, 98.)

We are referred to an expression contained in the opinion of this court in *Kidd v. Johnson* (100 U. S. 617, 619): "The right to use the trade-mark is not limited to any place, city, or state, and, therefore, must be deemed to extend everywhere." But a reference to the facts of the case, and the context, shows that the language was not used in the sense attributed to it in the argument. The question presented for decision related to the ownership of a trade-mark used by complainants (Johnson & Co.) on packages and barrels containing whiskey, manufactured and sold by them in Cincinnati, and this turned in part upon the force to be given to a written transfer executed by one Pike and delivered to complainant's predecessors in business in connection with a sale of the distillery and its appurtenances, which were Pike's individual property. Kidd, the defendant, claimed the right to use the same mark as surviving partner of a firm of which Pike had been a member.

The court, speaking by Mr. Justice Field, said (p. 619): "That transfer was plainly designed to confer whatever right Pike possessed. It, in terms, extends the use of the trade-mark to Mills, Johnson & Co. and their successors. Such use, to be of any value, must necessarily be exclusive. If others also could use it, the trade-mark would be of no service in distinguishing the whiskey of the manufacture in Cincinnati; and thus the company would lose all the benefit arising from the reputation the whiskey there manufactured had acquired in the market. The right to use the trade-mark is not limited to any place, city, or state, and, therefore, must be deemed to extend everywhere." This does not import that the trade-mark right assigned was greater in extent than the trade in which it was used. The record in the case showed that complainant's trade had been extended to New Orleans, and the controversy arose out of sales made there by defendants as licensees of Kidd. It was admitted in the answer that they had sold whiskey in competition with that of complainants at New Orleans, and under the same trade-mark, and the case was by stipulation treated as a test case to settle whether Johnson & Co. or Kidd had the exclusive right, or whether they had a joint right, to the use of the mark.

We are also referred to *Derringer v. Plate* (29 Cal. 292, 295), in which it was said by the court: "The manufacturer at Philadelphia who has adopted and uses a trade-mark, has the same right of property in it at New York or San Francisco that he has at his place of manufacture." In that case plaintiff averred that he was a resident of Philadelphia, and upwards of thirty years before the action invented a pistol and adopted as a trade-mark for it the words "Derringer, Philadel.," which was and ever since had been his trade-mark, and which he had caused to be stamped on the breech of all pistols manufactured and sold by him; and that the defendant since 1858 had been engaged in the manufacture of pistols at San Francisco similar to plaintiff's, on the breech of which he had stamped plaintiff's trade-mark, etc. The report of the case shows (p. 294) that the only question presented was whether the California statute of 1863 concerning trade-marks had repealed or abrogated the remedies afforded by the common law in trade-mark cases. This was answered in the negative, and in the course of

the reasoning the court said (p. 295): "The right is not limited in its enjoyment by territorial bounds, but, subject only to such statutory regulations as may be properly made concerning the use and enjoyment of other property, or the evidences of title to the same, the proprietor may assert and maintain his property right wherever the common law affords remedies for wrongs"; continuing with what we have first quoted. Although not expressly stated, it is implicit in the report that plaintiff's pistols were on the market in San Francisco, and his trade-mark known there and imitated by defendant for that very reason. It was such a mark as could not be accidentally hit upon.

It results from the general principles thus far discussed that trade-mark rights, like others that rest in user, may be lost by abandonment, non-user, laches, or acquiescence. Abandonment, in the strict sense, rests upon an intent to abandon; and we have no purpose to qualify the authority of *Sazlehner v. Eisner & Mendelson Co.* (179 U. S. 19, 81), to that effect. As to laches and acquiescence, it has been repeatedly held, in cases where defendants acted fraudulently or with knowledge of plaintiff's rights, that relief by injunction would be accorded although an accounting of profits should be denied. (*McLean v. Fleming*, 96 U. S. 245, 257; *Menendez v. Holt*, 128 U. S. 514, 528; *Sazlehner v. Eisner & Mendelson Co.*, 179 U. S. 19, 89.) So much must be regarded as settled. But cases differ according to their circumstances, and neither of those cited is in point with the present. Allowing to the Allen & Wheeler firm and corporation the utmost that the proofs disclose in their favor, they have confined their use of the "Tea Rose" trade-mark to a limited territory, leaving the southeastern states untouched. Even if they did not know—and it does not appear that they did know—that the Hanover Company was doing so, they must be held to have taken the risk that some innocent party might, during their forty years of inactivity, hit upon the same mark and expend money and effort in building up a trade in flour under it. If, during the long period that has elapsed since the last specified sale of Allen & Wheeler "Tea Rose"—this was "in the later 70's"—that flour has been sold in other parts of the United States, excluding the southeastern states, no clearer evidence of abandonment by non-user of trade-mark rights in the

latter field could reasonably be asked for. And when it appears, as it does, that the Hanover Company in good faith and without notice of the Allen & Wheeler mark has expended much money and effort in building up its trade in the southeastern market, so that "Tea Rose" there means Hanover Company's flour and nothing else, the Allen & Wheeler Company is estopped to assert trade-mark infringement as to that territory.

The extent and character of that territory, and its remoteness from that in which the Allen & Wheeler mark is known, are circumstances to be considered. Alabama alone—to say nothing of the other states in question—has an area of over fifty thousand square miles, and by the census of 1910 contained a population of more than two millions. Its most northerly point is more than two hundred and fifty miles south of Cincinnati, which is the nearest point at which sales of Allen & Wheeler "Tea Rose" are shown to have been made, and these at a time antedating by approximately forty years the commencement of the present controversy. We are not dealing with a case where the junior appropriator of a trade-mark is occupying territory that would probably be reached by the prior user in the natural expansion of his trade, and need pass no judgment upon such a case. Under the circumstances that are here presented, to permit the Allen & Wheeler Company to use the mark in Alabama, to the exclusion of the Hanover Company, would take the trade and good-will of the latter company—built up at much expense and without notice of the former's rights—and confer it upon the former, to the complete perversion of the proper theory of trade-mark rights.

The case is peculiar in its facts; and we have found none precisely like it. The recent case of *Rectanus Co. v. United Drug Co.* ([C. C. A. 6th], 6 T. M. Rep., 28; 227 Fed. Rep., 545, 549, 553), is closely analogous.

We come now to No. 23. The court of appeals (3 T. M. Rep., 269; 204 Fed. Rep., 211) denied relief to the Hanover Company against Metcalf under the head of trade-mark infringement partly upon the ground that Allen & Wheeler were the first appropriators of the mark, and that it had been continuously used by that firm and its successor down to the time of the suit, but principally upon the ground that, irrespective of whether this use was so general or

continuous as to exclude other appropriation, the evidence showed a use of the same brand by the Steelevator Company commencing in the year 1895 and carried on in the States of Illinois, Tennessee, Indiana, Arkansas and Mississippi, with occasional shipments into Alabama; a use so extensive and continuous as to exclude the claim of the Hanover Company to either first appropriation or exclusive use in any of the territory from which it sought to expel Metcalf; and that "the Steelevator Milling Company's first use and its extensive and continuous use established by the evidence in the territory of its selection gave it the unqualified right to extend unhampered its trade in flour under the Tea Rose brand into any part of the United States, and that too without incurring the legal odium of unfair competition." Relief under the head of unfair competition was denied upon the ground that the Hanover Company had not clearly shown that it had established by prior adoption the exclusive right to dress its goods in the manner claimed.

Upon the question of trade-mark rights as between the Hanover and the Steelevator companies (leaving Allen & Wheeler out of the question), the proofs are somewhat conflicting. There is evidence that Hanover's use of the Tea Rose brand antedated the year 1898, and probably began as early as 1886. The extent and particulars of such use, prior to the year 1908, are not made to appear. On the other hand, Steelevator appears to have adopted the brand in the year 1895, and used it in trade in Illinois, Tennessee, Mississippi, Louisiana, and Arkansas; the extent and particulars of the use not being shown. Sharp competition appears to have been carried on between the two companies in selling flour under the Tea Rose brand at Meridian, Mississippi, in the years 1908 to 1905, with the result that the Hanover Company, claiming that its use of the mark for flour had antedated that of the Steelevator Company, succeeded in obtaining a favorable decision in an informal arbitration by officials of the Millers National Federation; and for this or some other reason Steelevator appears to have retired and left the Hanover Company in complete control of the Meridian market. Aside from the business done by the Steelevator Company at Meridian, there is no proof of business done by it in the southeastern states, except that it made an isolated sale

of Tea Rose flour to a merchant at Whistler, Alabama, in the year 1899, the quantity not stated, and two isolated sales, involving a small quantity in each case, one to a retailer in Tupelo, Mississippi, in the year 1910, the other to a retailer in West Point, Mississippi, in January, 1912.

As we regard the proofs, they do not sustain the view of the circuit court of appeals for the fifth circuit, either as to first use or as to extensive, continuous, or exclusive use of the Tea Rose brand by the Steeleville Company, and there is nothing in the history of the use of the brand in the disputed territory to deprive the Hanover Company of its right to be protected at least against unfair competition at the hands of the Steeleville Company or of Metcalf as its representative.

That there was such unfair competition, commenced by Metcalf shortly before the bringing of the suit, the proofs clearly show. Repeating that since the year 1904 the Hanover Company had extensively advertised its Tea Rose flour throughout the State of Alabama and parts of Mississippi, Georgia, and Florida, with the result that its sales of that flour in those markets amounted to more than one hundred and fifty thousand dollars a year, while the Hanover Star Milling Company had come to be known as the Tea Rose mill, and the words "Tea Rose" in the flour trade in that territory meant flour of the Hanover Company's manufacture and nothing else, and that, except for isolated sales in Mississippi in 1910 and 1912, already mentioned, no Tea Rose flour other than that of the Hanover Company had been sold in that territory for a number of years, it further should be stated that Hanover Tea Rose was distributed in Butler County and adjoining counties in Alabama by the McMullan Grocery Company, whose place of business was at Greenville. They had built up a large trade for this flour in Butler County and the neighboring counties of Conecuh, Covington, Lowndes, and Crenshaw. The McMullan Company had the exclusive sale of the Hanover Company's Tea Rose flour, so that Metcalf, who likewise did business at Greenville, was unable to procure it for distribution to his customers. A short time before the suit was commenced, however, he announced to the public and the trade in Butler County that he had secured Tea Rose flour, and on receiving a consignment from the Steeleville Company, which

was labeled "Tea Rose" and put up in packages closely resembling those used by the Hanover Company—so closely that, according to the undisputed evidence, they are "calculated to and do in fact deceive the ordinary and casual purchaser of flour into the belief that he is purchasing the article of that name manufactured by the said Hanover Star Milling Company"—Metcalf put large banners on his mules and dray advertising to the public that he had received a shipment of Tea Rose flour, and that it was "Steeleville Milling Company's Tea Rose flour, best quality." Metcalf, and his traveling salesman who marketed the greater part of this consignment, and several parties who purchased it in lots of from one to ten barrels, deposed that it was not sold under a representation that it was manufactured by the Hanover Company, but, on the contrary, that it was Tea Rose flour manufactured by the Steeleville Milling Company. But Metcalf's purpose to take advantage of the reputation of the Hanover Company's Tea Rose flour is so manifest, and the tendency of the similarity of the brand and accompanying design, and of the make-up of the packages, to mislead ultimate consumers is so evident, that it seems to us a case of unfair competition is made out. The circumstances strongly indicate a fraudulent intent to palm off the Steeleville Tea Rose flour upon customers as being the same as the Tea Rose flour made by complainant, the reputation of which is shown to be so well established. The mere substitution of "Steeleville" in the place of "Hanover" on the labels is not convincing either that the intent is innocent or that the result will be innocuous, since it is accompanied with the words "Tea Rose" (shown to have acquired a secondary meaning), and with the distinctive wrapping, both indicative in that market of complainant's flour. Complainant is thus shown to be entitled to an injunction against Metcalf, irrespective of its claim to affirmative trade-mark rights in that territory. (*Coats v. Merrick Thread Co.*, 149 U. S. 562, 566; *Elgin Nat'l Watch Co. v. Illinois Watch Co.*, 179 U. S. 665, 674.) Adjudication of the latter claim may be made, if necessary, upon final hearing, when the proofs will presumably be more complete than they now are.

It results that the decree under review in No. 28 should be reversed, and the cause remanded for further proceedings in ac-

cordance with this opinion, and that the decree in No. 80 should be affirmed.

Decree in No. 23 reversed.

Appeal in No. 30 dismissed.

Decree in No. 30 affirmed.

MR. JUSTICE HOLMES CONCURRING.

I am disposed to agree that the decree dismissing the bill of the Hanover Star Milling Company should be reversed and that the decree denying a preliminary injunction to the Allen & Wheeler Company should be affirmed, and I agree in the main with the reasoning of the court, so far as it goes. But I think it necessary to go farther even on the assumption that we are dealing with the question of trade-marks in the several states only so far as commerce among the states is not concerned. The question before us, on that assumption, is a question of state law, since the rights that we are considering are conferred by the sovereignty of the state in which they are acquired. This seems to be too obvious to need the citation of authority, but it is a necessary corollary of the *Trade-Mark Cases* (100 U. S. 82). Those cases decided that Congress cannot deal with trade-marks as used in commerce wholly between citizens of the same state. It follows that the states can deal with them, as in fact they sometimes do by statute (Mass. Rev. Laws, c. 72, §§ 2, 3), and when not by statute by their common law.

As the common law of the several states has the same origin for the most part and as their law concerning trade-marks and unfair competition is the same in its general features, it is natural and very generally correct to say that trade-marks acknowledge no territorial limits. But it never should be forgotten, and in this case it is important to remember, that when a trade-mark started in one state is recognized in another it is by the authority of a new sovereignty that gives its sanction to the right. The new sovereignty is not a passive figurehead. It creates the right within its jurisdiction, and what it creates it may condition, as by requiring the mark to be recorded, or it may deny. The question then is what is the common law of Alabama in cases like these. It appears to me that if a mark previously unknown in that state has been used

and given a reputation there, the state well may say that those who have spent their money innocently in giving it its local value are not to be defeated by proof that others have used the mark earlier in another jurisdiction more or less remote. Until I am compelled to adopt a different view I shall assume that that is the common law of the state. It appears to me that the foundation of the right as stated by the court requires that conclusion. (See further *Chadwick v. Covell*, 151 Mass. 190, 198, 194.) Those who have used the mark within the state are those who will be defrauded if another can come in and reap the reward of their efforts on the strength of a use elsewhere over which Alabama has no control.

I think state lines, speaking always of matters outside the authority of Congress, are important in another way. I do not believe that a trade-mark established in Chicago could be used by a competitor in some other part of Illinois on the ground that it was not known there. I think that if it is good in one part of the state it is good in all. But when it seeks to pass state lines it may find itself limited by what has been done under the sanction of a power coordinate with that of Illinois and paramount over the territory concerned. If this view be adopted we get rid of all questions of penumbra, of shadowy marches where it is difficult to decide whether the business extends to them. We have sharp lines drawn upon the fundamental consideration of the jurisdiction originating the right. In most cases the change of jurisdiction will not be important because the new law will take up and apply the same principles, as the old, but when, as here, justice to its own people requires a state to set a limit, it may do so, and this court cannot pronounce its action wrong.

[NOTE: This is probably the most important decision of the court on the subject of trade-marks since that holding the statute of 1876 for the registration of trade-marks to be unconstitutional. (*Trade-Mark Cases*, 100 U. S. 82.)

In a measure this decision sets at rest a question that has been the subject of somewhat conflicting decisions in the courts of the United States for upwards of ten years.

The supreme judicial court of Massachusetts in a case involving alleged infringement of the trade-mark "Keystone" for cigars granted an injunction restraining the use of a mark by defendant in the New England states, in which territory it appeared in the evidence the name "Keystone" had

become an identifying trade-mark for the goods of the plaintiff. (*Cohen v. Nagle*, 76 N. E. Rep., 276.)

The United States circuit court of appeals for the second circuit reached a similar conclusion when it refused to enjoin the use in the state of New York of the trade-mark "Baltimore Club" for whiskey, upon the suit of a competitor located in Baltimore, who showed use of the mark in that state and adjacent territory for more than twelve years prior to the use thereof by the defendant in New York. The court in this case was careful to point out that they were not to be understood as expressing an opinion that the defendants were entitled to sell their whiskey within the city of Baltimore, or elsewhere than in the locality where they had hitherto carried on business. (*Carroll & Son Co. v. McIlwaine & Baldwin*, 183 Fed. Rep., 22.)

In a discussion of this and other cases in previous issues of the Bulletin of this Association, the matter of territorial rights in trade-marks has been gone into at great length (Bulletin, Vol. 2, pp. 86, 170; 3, p. 51; 5, p. 236; 7, p. 57; 9, p. 328).

The supreme court, in the Hanover Star Milling cases, calls attention to the need, in a territory as large as the United States, of a rule different from that which obtains in Great Britain, a country much more limited in extent. Nevertheless, it is of interest to know that even in Great Britain the rights of different parties to the use of the same trade-mark, where the right thereto has been established by use in different regions has long been recognized. When the first trade-mark registration act of 1875 came into effect in Great Britain, it was discovered that marks had been used contemporaneously by different parties, in ignorance of each other's rights and without actual conflict. To meet this condition, the rule was made that marks used before the law went into effect might be registered by different parties up to three in number, and this rule was recognized in the later trade-mark law of 1893 providing for the registration of identical trade-marks to different parties, in accordance with the order of the court. This rule is still recognized in the act of 1905.

The Australian commonwealth trade-mark act encountered a similar situation. The states of the commonwealth had each had its own registration act for several years and, in many instances, it happened that a trade-mark was registered in one state to one party and in another state or in other states to a different party. In the registration of such marks under the commonwealth act, it is provided that registrations may be limited to certain states and registrations are made under the act in favor of different parties, extending only to a portion of the territory of the commonwealth.

There is nothing therefore in the decision of the United States supreme court in this case which is revolutionary in its character or that has not been foreshadowed by the trend of judicial opinion in this country for several years. Nevertheless the decision involves consequences of great importance to the owners of trade-mark property. The opinion of Justice Holmes, concurring with the majority of the court recognizes state lines as the proper boundaries by which to define the extent of the title acquired to a trade-mark by use. The opinion of the majority of the court, while not so specific in this respect, nevertheless is based upon the recognition of the several states as independent sovereignties in so far as the rights of property in trade-marks are concerned and acknowledges their right to fix the status of trade-marks used within their borders. When in the year 1909 the legislature of the state of California passed an act which abrogated the common-law doctrine of property in a trade-mark acquired by priority of use and substituted instead a title acquired by registration within the state of California, some doubt was expressed as to the constitutionality of such legislation. We held then to the opinion that the power of Congress in the regulation of trade-marks was confined to trade-marks used in interstate

and foreign commerce; that so far as concerned the title to a mark within the confines of a single state, Congress had no jurisdiction, either to protect the mark or on the other hand to suppress its use as an infringement upon any other mark, used in interstate commerce.

The opinion of the supreme court in the case under discussion appears to involve this proposition as a necessary corollary. This decision therefore leaves the rights of property in trade-marks, within the several states, entirely in the hands of the state legislature, which may at any time abrogate the common law in force in the state and substitute a title predicated upon conditions of its own creation. One of the evident consequences of this is that any state which chooses to enact a positive requirement for the registration of trade-marks within the state as a condition of title thereto, as the state of California did in 1910, may thus fix the terms upon which the title to a trade-mark may be held within its borders and may impose thereon such conditions with respect to payment of fees or otherwise as it may deem desirable.

A further consequence of this decision appears to be that whatever may be the right of Congress to legislate for the protection of trade-marks used in interstate commerce, and whatever may be the effect of registration of a trade-mark under the act of Congress which purports to secure to a registrant the right of a trade-mark thus used, the power of Congress to protect a trade-mark so used against infringement cannot extend to the suppression of an infringement, where the infringing mark is used wholly within the boundaries of a single state. Thus again the decision sustains the attitude taken by this Association, when its proposition to incorporate in the trade-mark law a penal amendment was receiving the consideration of Congress (Bulletin, Vol. 2, pp. 94, 125, 157; 3, pp. 5, 39); and emphasizes the need of the constitutional amendment for which this Association has long stood, to give to Congress exclusive power to legislate in matters of trade-marks (Bulletin, Vol. 8, p. 119.)]

HAMILTON-BROWN SHOE CO. V. WOLF BROS. & CO.

(36 Sup. Ct. Rep. 969)

United States Supreme Court

February 21, 1916

1. TRADE-MARKS—GEOGRAPHICAL AND DESCRIPTIVE TERMS.

The words "The American Girl" as applied to shoes are neither geographical nor descriptive and are properly the subject of exclusive appropriation as a trade-mark.

2. PRACTICE—THE EFFECT OF REFUSAL TO REVIEW.

Where in a trade-mark case, the United States supreme court refused to review, on petition for a writ of certiorari, an interlocutory decree of the United States circuit court of appeals, such refusal is not equivalent to an affirmance of the interlocutory decree and the supreme court in reviewing the final decree of the circuit court of appeals is called upon to notice and rectify any error in the interlocutory proceedings.

3. TRADE-MARKS—INFRINGEMENT—PROFITS.

The right to use a trade-mark is recognized as a kind of property of which the owner is entitled to the exclusive enjoyment to the extent that it has been actually used, and an infringer is required in equity to account for and yield up his gains from the infringement to the true owner of the mark, without reference to any apportionment by the owner of the mark between the infringer's profits attributable to use of the mark and those attributable to the intrinsic merit of the article itself.

4. TRADE-MARKS—INFRINGEMENT—ACCOUNT OF MASTER.

In a suit for infringement of a trade-mark the account determines questions of fact, and in the absence of manifest error, there is no sufficient reason to disturb the decree.

On writ of certiorari to the United States circuit court of appeals, for the eighth circuit, to review a decree which on a second appeal, reversed a decree of the district court. On appeal from a decree for plaintiff. Affirmed.

For decisions of the lower court, see 2 T. M. Rep., 62 and 3 T. M. Rep., 415.

Luke E. Hart, Joseph W. Bailey, H. S. Priest, Morton Jourdan and Charles B. Howry, for petitioner.

Lawrence Maxwell, Simeon M. Johnson, and Percy Werner, for respondent.

MR. JUSTICE PITNEY delivered the opinion of the court.

Respondent, an Ohio corporation engaged in the manufacture of shoes, filed its bill of complaint on January 29, 1906, in the circuit court of the United States for the eastern district of Missouri, eastern division, against petitioner, a Missouri corporation engaged in the same business, seeking an injunction to restrain infringement of an alleged trade-mark for shoes consisting of the words "The American Girl," by the use of the words "American Lady" as a colorable imitation, and also unfair competition in trade, carried on by means that included the use of the latter words; and praying an accounting of damages and profits. On final hearing the circuit court dismissed the bill. Upon appeal, the circuit court of appeals (91 C. C. A. 363, 165 Fed. Rep., 413) held that "The American Girl" was a geographical name, and, as applied to women's shoes, was descriptive merely of shoes manufactured in America and to be worn by women, and not an arbitrary or fanciful name to indicate the maker, and hence that the term as applied to shoes was not the subject of a valid trade-mark. But the court held that complainant was entitled to be protected against unfair trade; that the record disclosed that it and its predecessors in business had employed the words "The American Girl" as a trade-mark continuously since the year 1896, had extensively advertised their shoes under that name, with the catch phrase "A shoe

as good as its name," in trade journals and newspapers throughout the United States, and largely throughout the southern states, and thus established an extensive trade therefor; and that defendant, by adopting in the year 1900 and thereafter using the name "The American Lady," with certain catch phrases, in connection with shoes made by it, and this with full knowledge of complainant's rights, was guilty of unfair competition, tending to and resulting in confusion in the trade, and that complainant was entitled to relief. The decree of the circuit court was therefore reversed, with directions to decree an injunction and an accounting limited to the time since the commencement of the suit.

Complainant petitioned this court for a writ of certiorari to review that decision, but this was denied. (214 U. S. 514, 58 L. ed. 1063, 29 Sup. Ct. Rep. 696.)

Thereafter the circuit court, pursuant to the mandate of the court of appeals, made a decree granting an injunction in accordance with the opinion of that court, and referring to a master an accounting of the damages and profits for which defendant might be liable, "limited to shoes sold by the defendant since the filing of the bill in this case, and which were marked with the name 'American Lady,' and not accompanied with any other matter clearly indicating that such shoes were of the manufacture of the Hamilton-Brown Shoe Company." An accounting was had, extending from the date of the commencement of the suit to March 10, 1910. Complainant made no attempt to introduce substantial proof as to the amount of its damages, declaring that they were practically incapable of exact computation. All the testimony was directed to the question of defendant's profits.

The master reported that during the period covered by the accounting defendant sold "American Lady" shoes, which, because of differences in marking, he divided into three classes:

Class 1. Nine hundred seventy-four thousand and sixteen pairs of shoes bearing the words "American Lady" stamped upon the sole, and bearing no other impression or distinguishing mark. The profits upon these were found to be two hundred fifty-four thousand, four hundred one dollars and seventy-two cents.

Class 2. Nine hundred sixty-one thousand, six hundred and seven pairs of shoes marked "American Lady," with the words

"Hamilton-Brown Shoe Co.," but without the word "Makers," or other matter indicating that the shoes were of defendant's manufacture. The profits upon these were found to be one hundred ninety thousand, nine hundred nine dollars and eighty-three cents.

Class 8. Five hundred ninety-three thousand, eight hundred and seventy-two pairs of shoes marked "American Lady," but bearing also the marks "Hamilton-Brown Shoe Co., Makers." The profits upon these were found to be one hundred thirty-two thousand, seven hundred forty dollars and seventy-seven cents.

The master recommended that a judgment be entered for the profits accruing from the first two classes, aggregating four hundred forty-five thousand, three hundred eleven dollars and fifty-five cents. The profits accruing from the third class he held complainant was not entitled to recover under the opinion of the court of appeals and the decree of the circuit court, entered in accordance with it. Both parties having filed exceptions, the district court (successor of the circuit court), overruled those of complainant, sustained those of defendant, and adjudged a recovery of one dollar nominal damages. (2 T. M. Rep., 62; 192 Fed. Rep., 980.)

Complainant appealed to the circuit court of appeals, contending that a decree should have been rendered in its favor for the profits upon the first two classes of shoes, in accordance with the master's recommendation, and that it should have included the profits upon the third class, which were denied by the master. The court of appeals reversed the decree, with directions that defendant's exceptions to the master's report be overruled, that the report be confirmed, and that a decree be entered against defendant for the amount recommended by him, with costs. (8 T. M. Rep., 415; 124 C. C. A., 409; 206 Fed. Rep., 611.)

This writ of certiorari having been allowed, we proceed to deal with the questions presented by the record.

Regarding the case as one of unfair competition without trade-mark infringement, it is insisted by petitioner that the normal recovery does not include the gains and profits of defendant, according to the rule admittedly applicable in equity to trade-mark cases, but that the injured party is limited to such damages as it shows

it has sustained; and that the present case is devoid of circumstances to take it out of the ordinary rule.

If, however, complainant was and is entitled to the use of the words "The American Girl" as a trade-mark, in the strict sense of the term, and if the proofs adduced before the master, and his findings thereon, are as applicable to a claim of compensation for infringement of the trade-mark as to a claim of compensation for unfair competition in the absence of trade-mark, it will not be necessary to pass upon the question of the proper measure of recovery in a non-trade-mark case. As above pointed out, a claim of trade-mark right was asserted in the bill, and it has not been abandoned. It was overruled by the circuit court of appeals on the first appeal, upon reasoning with which we are unable to concur. We do not regard the words "The American Girl," adopted and employed by complainant in connection with shoes of its manufacture, as being a geographical or descriptive term. It does not signify that the shoes are manufactured in America, or intended to be sold or used in America, nor does it indicate the quality or characteristics of the shoes. Indeed, it does not, in its primary signification, indicate shoes at all. It is a fanciful designation, arbitrarily selected by complainant's predecessors to designate shoes of their manufacture. We are convinced that it was subject to appropriation for that purpose, and it abundantly appears to have been appropriated and used by complainant and those under whom it claims.

The cases cited to the contrary are distinguishable. In *Delaware & H. Canal Co. v. Clark* (18 Wall. 311, 324, 20 L. ed. 581, 583), the word "Lackawanna" was rejected as a trade-mark for coal because it designated the district in which the coal was produced. In *Columbia Mill Co. v. Alcorn* (150 U. S. 460, 466, 37 L. ed. 1144, 1147, 14 Sup. Ct. Rep. 151), it was held that "Columbia" could not be appropriated for exclusive use as a trade-mark because it was a geographical name. So, with respect to "Elgin," as designating watches (*Elgin Nat. Watch Co. v. Illinois Watch Case Co.*, 179 U. S. 665, 673, 45 L. ed. 365, 378, 21 Sup. Ct. Rep. 270); "Genessee," claimed as a trade-mark for salt (*Genessee Salt Co. v. Burnap*, 20 C. C. A. 27, 48 U. S. App. 248, 78 Fed. Rep., 818); "Old Country," as a mark for soap (*Allen B. Wristley Co.*

v. *Iowa Soap Co.*, 59 C. C. A. 54, 122 Fed. Rep., 796). If the mark here in controversy were "American Shoes," these cases would be quite in point. (And see *Shaver v. Heller & M. Co.*, 65 L. R. A. 878, 48 C. C. A. 48, 108 Fed. Rep., 821, 826.) But "The American Girl" would be as descriptive of almost any article of manufacture as of shoes; that is to say, not descriptive at all. The phrase is quite analogous to "American Express," held to be properly the subject of exclusive appropriation as a trade-mark for sealing wax in *Dennison Mfg. Co. v. Thomas Mfg. Co.* (94 Fed. 651, 658).

It is contended that this question is settled otherwise, at least as between these parties, by the decision of the circuit court of appeals on the first appeal, and our refusal to review that decision upon complainant's petition for a writ of certiorari, and that the only questions open for review at this time are those that were before the court of appeals upon the second appeal. This, however, is based upon an erroneous view of the nature of our jurisdiction to review the judgments and decrees of the circuit court of appeals by certiorari under § 240, Judicial Code [36 Stat. at L. 1157, chap. 281], derived from § 6 of the Evarts act of March 3, 1891 [26 Stat. at L. 828, chap. 517, Comp. Stat. 1913, § 1217]. As has been many times declared, this is a jurisdiction to be exercised sparingly, and only in cases of peculiar gravity and general importance, or in order to secure uniformity of decision. (*Lau Ow Bew, Petitioner*, 141 U. S. 588, 587, 85 L. ed. 868, 869, 12 Sup. Ct. Rep. 48; *In Re Woods*, 148 U. S. 202, 86 L. ed. 125, 12 Sup. Ct. Rep. 417; *Lau Ow Bew v. United States*, 144 U. S. 47, 58, 86 L. ed. 840, 844, 12 Sup. Ct. Rep. 517; *American Constr. Co. v. Jacksonville, T. & K. W. R. Co.*, 148 U. S. 872, 888, 87 L. ed. 486, 491, 18 Sup. Ct. Rep. 758; *Forsyth v. Hammond*, 166 U. S. 506, 514, 41 L. ed. 1095, 1098, 17 Sup. Ct. Rep. 665; *Fields v. United States*, 205 U. S. 292, 296, 51 L. ed. 807, 810, 27 Sup. Ct. Rep. 548). And, except in extraordinary cases, the writ is not issued until final decree. (*American Constr. Co. v. Jacksonville, T. & K. W. R. Co.*, 148 U. S. 872, 878, 884, 87 L. ed. 486, 489, 491, 18 Sup. Ct. Rep. 758; *The Three Friends*, 166 U. S. 1, 49, 41 L. ed. 897, 913, 17 Sup. Ct. Rep. 495; *The Conqueror*, 166 U. S. 110, 118, 41 L. ed. 987, 989, 17 Sup. Ct. Rep. 510; *Denver v. New*

York Trust Co., 229 U. S. 128, 188, 57 L. ed. 1101, 1120, 88 Sup. Ct. Rep. 657.) The decree that was sought to be reviewed by certiorari at complainant's instance was not a final one, a fact that of itself alone furnished sufficient ground for the denial of the application; besides which it appears, by reference to our files, that the application was opposed by the present petitioner upon the ground that the case, however important to the parties, involved no question of public interest and general importance, nor any conflict between the decisions of state and federal courts, or between those of federal courts of different circuits.

It is, of course, sufficiently evident that the refusal of an application for this extraordinary writ is in no case equivalent to an affirmance of the decree that is sought to be reviewed. And, although in this instance the interlocutory decision may have been treated as settling "the law of the case" so as to furnish the rule for the guidance of the referee, the district court, and the court of appeals itself upon the second appeal, this court, in now reviewing the final decree by virtue of the writ of certiorari, is called upon to notice and rectify any error that may have occurred in the interlocutory proceedings. (*Panama R. Co. v. Napier Shipping Co.*, 166 U. S. 280, 284, 41 L. ed. 1004, 1005, 17 Sup. Ct. Rep. 572; *United States v. Denver & R. G. R. Co.*, 191 U. S. 84, 98, 48 L. ed. 106, 109, 24 Sup. Ct. Rep. 88; *Lutcher & M. Lumber Co. v. Knight*, 217 U. S. 257, 267, 54 L. ed. 757, 761, 30 Sup. Rep. 505; *Messenger v. Anderson*, 225 U. S. 486, 444, 56 L. ed. 1152, 1156, 32 Sup. Ct. Rep. 789.)

Having reached the conclusion that complainant is entitled to the use of the words "The American Girl" as a trade-mark, it results that it is entitled to the profits acquired by defendant from the manifestly infringing sales under the label "American Lady,"—at least to the extent that such profits are awarded in the decree under review. The right to use a trade-mark is recognized as a kind of property, of which the owner is entitled to the exclusive enjoyment to the extent that it has been actually used. (*McLean v. Fleming*, 96 U. S. 245, 252, 24 L. ed. 828, 881; *Manhattan Medicine Co. v. Wood*, 108 U. S. 218, 224, 27 L. ed. 706, 708, 2 Sup. Ct. Rep. 486.) The infringer is required in equity to account for and yield up his gains to the true owner, upon a principle

analogous to that which charges a trustee with the profits acquired by wrongful use of the property of the *cestui que trust*. Not that equity assumes jurisdiction upon the ground that a trust exists. As pointed out in *Root v. Lake Shore & M. S. R. Co.* (105 U. S. 189, 214, 26 L. ed. 975, 984); and *Tilghman v. Proctor* (125 U. S. 186, 148, 31 L. ed. 664, 668, 8 Sup. Ct. Rep. 894 [patent cases]), the jurisdiction must be rested upon some other equitable ground—in ordinary cases, as in the present, the right to an injunction—but the court of equity, having acquired jurisdiction upon such a ground, retains it for the purpose of administering complete relief, rather than send the injured party to a court of law for his damages. And profits are then allowed as an equitable measure of compensation, and the theory of a trust *ex maleficio*. In the courts of England, the rule seems to be that a party aggrieved must elect between damages and profits, and cannot have both. In this country, it is generally held that in a proper case both damages and profits may be awarded. As already observed, the decree under review allows profits only, confines the allowance to such as accrued after the commencement of the suit, and excludes all sales where the term "American Lady" was accompanied with any other matter clearly indicating that such shoes were of the manufacture of the Hamilton-Brown Shoe Company. It was construed to exclude all shoes bearing in addition to "American Lady" the marks "Hamilton-Brown Shoe Co., Makers." The account was based upon undisputed data, and no reason is suggested why, if otherwise accurate, it is not as properly applicable upon the theory of trade-mark as upon that of unfair competition aside from trade-mark infringement,—at least, so far as defendant is entitled to criticize it; complainant is not attacking the decree.

It is, however, insisted by defendant (petitioner) that whether the recovery be based upon the theory of trade-mark, or upon that of unfair competition, the profits recoverable should be limited to such amount as may be shown by direct and positive evidence to be the increment to defendant's income by reason of the infringement, and that the burden of proof is upon complainant to show what part of defendant's profits were attributable to the use of the infringing mark. It is said the true rule is strictly analogous to that applied in patent cases, and *Mowry v. Whitney* (14 Wall.

620, 650, 20 L. ed. 860, 865); *Elizabeth v. American Nicholson Pav. Co.* (97 U. S. 126, 139, 24 L. ed. 1000, 1006); *Garretson v. Clark* (111 U. S. 120, 121, 28 L. ed. 371, 372, 4 Sup. Ct. Rep. 291); *Dobson v. Hartford Carpet Co.* (114 U. S. 439, 444, 29 L. ed. 177, 178, 5 Sup. Ct. Rep. 945); *Tilghman v. Proctor* (125 U. S. 136, 146, 31 L. ed. 664, 667, 8 Sup. Ct. Rep. 894); *Keystone Mfg. Co. v. Adams* (151 U. S. 139, 147, 38 L. Ed. 103, 105, 14 Sup. Ct. Rep. 295); *Westinghouse Electric & Mfg. Co. v. Wagner Electric & Mfg. Co.* (225 U. S. 604, 615, 56 L. ed. 1222, 1226, 32 Sup. Ct. Rep. 691); and *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.* (235 U. S. 641, 59 L. ed. 398, 35 Sup. Ct. Rep. 221), are relied upon. The rule invoked is that which, as pointed out in the last two of these cases, is applicable where plaintiff's patent relates to a part only of a machine or combination or process, or to particular improvements in a machine or other device. In such case, where the invention is used in combination with other elements of value not covered by the patent, so that plaintiff's patent creates only a part of the profits, he is entitled to recover only that part, and must give evidence tending to apportion the profits between the patented and unpatented features. But, as pointed out in the *Westinghouse Case* (p. 618), there is a recognized exception where the plaintiff carries the burden of proof to the extent of showing the entire profits, but is unable to apportion them, either because of the action of the wrongdoer in confusing his own gains with those which belong to plaintiff, or because of the inherent impossibility of making an approximate apportionment. There, "on established principles of equity, and on the plainest principles of justice, the guilty trustee cannot take advantage of his own wrong."

Assuming the asserted analogy to patent cases to exist, a sufficient reason for not requiring complainant in the present case to make an apportionment between the profits attributable to defendant's use of the offending mark and those attributable to the intrinsic merit of defendant's shoes is that such an apportionment is inherently impossible. Certainly, no formula is suggested by which it could be accomplished. The result of acceding to defendant's contention, therefore, would be to deny all compensation to complainant. And it is to be remembered that defendant does

not stand as an innocent infringer. Not only do the findings of the court of appeals, supported by abundant evidence, show that the imitation of complainant's mark was fraudulent, but the profits included in the decree are confined to such as accrued to defendant through its persistence in the unlawful simulation in the face of the very plain notice of complainant's rights that is contained in its bill. As was said by the supreme court of California in a similar case, *Graham v. Plate* (40 Cal. 598, 598, 6 Am. Rep. 689, 640): "In sales made under a simulated trade-mark it is impossible to decide how much of the profit resulted from the intrinsic value of the commodity in the market, and how much from the credit given to it by the trade-mark. In the very nature of the case it would be impossible to ascertain to what extent he could have effected sales and at what prices except for the use of the trade-mark. No one will deny that on every principle of reason and justice the owner of the trade-mark is entitled to so much of the profit as resulted from the use of the trade-mark. The difficulty lies in ascertaining what proportion of the profit is due to the trade-mark, and what to the intrinsic value of the commodity; and as this cannot be ascertained with any reasonable certainty, it is more consonant with reason and justice that the owner of the trade-mark should have the whole profit than that he should be deprived of any part of it by the fraudulent act of the defendant. It is the same principle which is applicable to a confusion of goods. If one wrongfully mixes his own goods with those of another, so that they cannot be distinguished and separated, he shall lose the whole, for the reason that the fault is his; and it is but just that he should suffer the loss rather than an innocent party, who in no degree contributed to the wrong." (To the same effect are *Avery v. Meikle*, 85 Ky. 485, 448, 7 Am. St. Rep., 604, 610, 8 S. W. 609; *El Modello Cigar Mfg. Co. v. Gato*, 25 Fla. 886, 915, 6 L. R. A. 828, 829, 28 Am. St. Rep., 587, 544, 7 So. 28; *Regis v. Jaynes*, 191 Mass. 245, 249, 251, 77 N. E. 774; *W. R. Lynn Shoe Co. v. Auburn-Lynn Shoe Co.*, 100 Me. 461, 479, 4 L. R. A. [N. S.] 960, 62 Atl. 499; *Saxlehner v. Eisner & M. Co.*, 70 C. C. A. 452, 188 Fed. Rep., 22, 24.)

Finally, it is contended that the account, as stated by the master and confirmed by the circuit court of appeals, failed to

make due allowance for certain items entering into the cost of manufacturing and selling the shoes in diminution of defendant's profits, including interest on capital, depreciation of real estate, taxes, insurance, advertising, and trade discounts. These are matters of fact, respecting which we see no sufficient reason for disturbing the decree. One of the points most earnestly insisted upon is that certain overhead charges, appearing on defendant's books as "Advance Boston House, seventy-three thousand, seven hundred seventy-two dollars and three cents," and "Allowance to Boston, one hundred three thousand, seventy-five dollars and fourteen cents," of which the amount chargeable *pro rata* against "American Lady" shoes not marked "Makers," for the period covered by the accounting, was ten thousand, two hundred seventy-one dollars and sixty-nine cents, ought to have been deducted in computing defendant's profits. The only explanation of these charges is in a stipulation of the parties that they "represent allowances made by the wholesale house of Hamilton-Brown Shoe Company on goods shipped by it to what is known as the 'Boston House,' being a separate and distinct corporation from the defendant company, and the amount received by the Hamilton-Brown Shoe Company from the 'Boston House' for goods shipped to it was seventy-three thousand, seven hundred seventy-two dollars and three cents and one hundred three thousand, seventy-five dollars and fourteen cents less than the price at which the goods were billed to that house, and those items do not represent moneys paid by the Hamilton-Brown Shoe Company to the 'Boston House,' or advances by the Hamilton-Brown Shoe Company to the 'Boston House.'" If, in the master's calculation of the profits, defendant had been charged with sales of the goods at the prices at which they were billed to the Boston House, the insistence that a deduction of ten thousand, two hundred seventy-one dollars and sixty-nine cents ought to be allowed as being in the nature of a trade discount would seem correct. But that is not made to appear, and we cannot conclude that the master erred in overruling this allowance.

Decree affirmed.

[NOTE:—The attorneys for the Hamilton-Brown Shoe Company filed a petition on April 10, 1916, for a rehearing of this case.]

KNABE BROS. CO. v. AMERICAN PIANO CO.
 AMERICAN PIANO CO. v. KNABE BROS. CO.
 (339 Fed. Rep., 93)

Circuit Court of Appeals, Sixth Circuit

February 11, 1916

1. **TRADE-MARKS—INFRINGEMENT.**

In a suit alleging infringement of a trade-mark, plaintiff need not wait until defendant's goods are on the market. It is sufficient if defendant is arranging to place upon the market goods bearing a mark which infringes upon the plaintiff's registered trade-marks, accompanied by a notice of warning to purchasers which is insufficient.

2. **TRADE-MARKS—INFRINGEMENT—DEFENSES—MISREPRESENTATION.**

The grandsons of the founder of the firm "Wm. Knabe & Co.," later the "Wm. Knabe & Co. Mfg. Co.," a Maryland corporation, were instrumental in the formation of the "American Piano Co.," a consolidation of the above mentioned company with two others and the plaintiff here, and owned a controlling interest therein. The American Piano Company acquired the trade-marks and good-will of the "Wm. Knabe & Co. Mfg. Co." Later as a result of disagreements, the grandsons, defendants in this suit, severed all connection with the American Piano Company and organized an Ohio corporation known as the "Knabe Bros. Company." They obtained control of a piano factory in that state, where they commenced to manufacture, among others, pianos bearing their corporate name accompanied by a notice to the effect that their pianos were not to be confused with the goods of the American Piano Company, and that they were the grandsons of the original Wm. Knabe. The fact that the plaintiff advertised the connection of the grandsons with the manufacture of its pianos is not ground for denying it injunctive relief, since the offending publications were promptly discontinued when complaint was made.

3. **TRADE-MARKS—INFRINGEMENT—DEFENSES—MISREPRESENTATION.**

The fact that the plaintiff sold pianos not in fact Knabe pianos as bearing the "Knabe guaranty" is not ground for denying it injunctive relief, since it is not clear that the "Knabe guaranty" went beyond a guaranty of quality.

4. **TRADE-MARKS—DEFENSES—INFRINGEMENT—MISREPRESENTATION.**

Where the plaintiff was the owner of the trade-marks and good-will of its predecessors, the fact that it put out pianos under the name of "Wm. Knabe & Company," which was one of the trade-marks, without disclosing its successorship to "Wm. Knabe & Company" does not deprive it of its right to protect the name against infringement.

5. **TRADE-MARKS—RIGHT TO USE OWN NAME.**

Where, in the sale of a business, there is no restriction of the rights of the vendors to enter into the same business and to employ their name in connection therewith, either individually or as a part of a corporate name, the vendors are justified in so doing, provided they do not employ the trade-marks of the purchaser or invade the good-will of his business, since the purchaser did not obtain, either by common law or by registration under the statute, exclusive rights in the use of the family name.

6. **TRADE-MARKS—USE OF NOTICE TO DISTINGUISH.**

Since the warning notice used by defendant was placed inside the piano, the court was justified in requiring that a further notice be placed on the outside. But a metal plate with finely inscribed lines which stated that the piano was "not an original Knabe" or "not a Knabe" tended to discredit the defendant's product and went beyond the relief to which the plaintiff was entitled.

7. TRADE-MARKS—USE OF NOTICE TO DISTINGUISH.

Defendant held entitled to use its corporate name upon the fall-boards of its pianos, accompanied by a legible notice affixed to the cheek-block, in black letters upon a white background, which shall be readily legible and shall state the relationship between the plaintiff and defendant and plaintiff and defendant's predecessors. This notice is to be used in connection with the more verbose one inside the piano.

8. TRADE-MARKS—ADVERTISING—FORMER CONNECTIONS.

Defendant is entitled to represent, by advertising and otherwise that its product is the only one made by a Knabe or a living Knabe, provided the fact is also stated that defendant has no connection with the original manufacturers or their successors. Nor should defendant be restrained from asserting that its product is of Knabe quality when accompanied by such unmistakable disclaimer of origin of manufacture as to preclude confusion.

Cross-appeals from a decree of the United States district court, for the southern district of Ohio. Regarding the decision of the court below, see 4 T. M. Rep., p. 247. Modified.

Kramer & Bettman, of Cincinnati, Ohio (*Gilbert Bettman*, and *John D. Ellis*, both of Cincinnati, Ohio, of counsel), for appellant and cross-appellee.

Harmon, Colston, Goldsmith & Hoadly, of Cincinnati, Ohio, and *Masten & Nichols*, of New York City, for appellee and cross-appellant.

Before KNAPPEN and DENISON, circuit judges, and CLARKE, district judge.

KNAPPEN, Circuit Judge. The case is here on appeal and cross-appeal, respectively, from a final decree upon pleadings and proofs in a suit brought by the American Piano Company against the Knabe Bros. Company for infringement of trade-mark and for unfair competition.

William Knabe began the manufacture of pianos at Baltimore, Md., in 1887, continuing therein until his death in 1864, doing business for the most of that period in the name of Wm. Knabe & Co. Upon his death, his sons Ernst and William II, together with his son-in-law (Keidel), succeeded to the business, carrying it on in the same firm name until 1889, when the business was incorporated as "Wm. Knabe & Co. Manufacturing Company of Baltimore City," with a capital stock of one million dollars; Ernst Knabe being president until his death in 1894. Ernst's two sons, Ernst, Jr., and William III, entered the business when respectively

17 years of age, serving a thorough apprenticeship in the manufacture of pianos and every part thereof, and acquiring experience, skill, education, and training in such manufacture according to the Knabe standards and traditions. Upon the death of Ernst Knabe, Sr., his two sons named succeeded to his interest and became directors and officers; Keidel being manager. In 1898 Keidel sold out his interest to Ernst, Jr., and William III, who thereupon became the owners of substantially all the capital stock of the corporation and its active managers, being also president and vice-president, respectively. In 1905 the Wm. Knabe & Co. Manufacturing Company registered, under the law of 1905 (Act Feb. 20, 1905, c. 592, 33 Stat. pt. 1, p. 724), three trade-marks, one upon the word "Knabe" alone, another upon that word in design, the third upon the name "Wm. Knabe & Co." in old English type. The pianos made by Wm. Knabe & Co. and the Wm. Knabe & Co. Manufacturing Company have generally been known to the trade either as "Wm. Knabe & Co." pianos or as "Knabe" pianos, usually, at least, bearing the name "Wm. Knabe & Co." on the fall-board. The Knabe piano has always been a high-class instrument.

In 1908 the American Piano Company was organized by way of consolidation of the Wm. Knabe & Co. Manufacturing Company, Chickering & Sons, and the Foster-Armstrong Company; the consolidated company acquiring all the capital stock of the Knabe Company (paying therefor in stock of the American Piano Company) and the Knabe Company conveying to the American Piano Company all its assets (with certain immaterial exceptions), expressly including good-will, trade-marks, and trade-names. Ernst Knabe, Jr., and William Knabe III were active spirits in the formation of the American Piano Company, and upon its organization became actively connected with the management of its business, becoming directors and respectively president and vice-president. In 1910, as a result of disagreements and litigation, the two Knabes retired from the American Piano Company, having parted with all their stock therein. In 1911, through the aid of their friends, they organized, under the laws of Ohio, a corporation known as the "Knabe Bros. Company," acquiring the capital stock, plant, and properties of the Smith & Nixon Piano Company at Norwood, Ohio (Ernst Knabe moving to Cincinnati from Baltimore), and pro-

ceeded to manufacture, not only the Smith & Nixon piano, under that name, but also the piano here in question. The latter piano, as first manufactured, bore upon its fall-board the words "Knabe Bros. Co., Cincinnati" (without other designation), and upon the cheek-block, at the left of the bass scale, the following prominently displayed notice:

NOTICE

"Our product must not be confused with the Wm. Knabe & Co. piano of Baltimore, now manufactured by the American Piano Co.

"The managing officers of this Company are Ernst J. Knabe, Jr., and Wm. Knabe III, grandsons of the original Wm. Knabe and formerly officers of Wm. Knabe & Co. of Baltimore.

"This piano is absolutely guaranteed as to workmanship and material and has been inspected personally by (blanks being left for signature, date and number).

Thereupon the American Piano Company filed its bill to restrain the Knabe Bros. Company from using the word "Knabe" as a part of its corporate name in manufacturing, selling, or dealing in pianos, or using upon its pianos any name or mark in which the word "Knabe" appears, or of which it forms a part, and from using that word, either alone or with other words, in circulars, catalogues, letter heads, advertisements, labels, or otherwise, in connection with the manufacture, sale, or hire of pianos; also from holding out defendant's pianos as "Knabe pianos." By cross-bill defendant sought to restrain plaintiff from certain alleged unfair misrepresentations.

A preliminary injunction was issued restraining defendant from placing upon its fall-boards the marking before referred to, and permitting only in place thereof the use of a metallic plate, which as finally approved by the court was less than three inches long and about one inch wide, bearing the following engraved inscription:

"The Knabe Bros. Company. This piano is not an original 'Knabe,' but is made under the supervision of E. J. and Wm. Knabe III, grandsons of the original Wm. Knabe I."

Plaintiff was at the same time, on defendant's application, enjoined from publishing statements that the Knabes of the present generation are still making the Wm. Knabe pianos, or are connected with that company, or that Ernst Knabe, Jr., or Wm. Knabe III have any connection with the American Piano Company.

Thereafter, during the pendency of suit, defendant used upon its fall-boards only the metallic plate permitted by the court's order, discontinuing the use of the cheek-block notice. The final decree made no change respecting the markings permitted upon the fall-boards or the exterior of the pianos, except that the word "original" was to be omitted; the plate thus containing the statement "This piano is not a Knabe." Defendant was also perpetually enjoined from representing by advertisement or otherwise that its pianos are the only pianos made by a Knabe or by a living Knabe,¹ or that complainant's pianos are not Knabe pianos in fact, but only in name; also from representing by advertisement or otherwise that any part of complainant's business has been moved to Norwood or Cincinnati, or that defendant, or either or both of the Knabes mentioned, succeeded to the business conducted by complainant's Knabe factory; also from in any manner attempting to injure the goodwill and reputation of complainant or of the Wm. Knabe & Co. Manufacturing Company, as well as from doing anything which would lead the public to believe that defendant's pianos are Knabe pianos. The final injunction imposed restraint upon plaintiff substantially as did the temporary injunction.

Defendant not only complains of the extent of the relief granted plaintiff, but asks that the bill be dismissed. Apart from the meritorious question whether defendant has invaded plaintiff's rights, the dismissal asked does not rest upon meritorious grounds. True, the bill was filed before defendant's pianos were actually upon the market; but defendant was arranging to put out a piano bearing its corporate name upon its fall-board and with the warning notices stated. Assuming for the present that the warning intended to be employed was insufficient, plaintiff was not bound to wait until the piano was actually on the market.

But plaintiff is charged with coming into court with unclean hands: (1) By continuing to advertise by signs, catalogues, and otherwise the connection of Ernst, Jr., and William III with the manufacture of plaintiff's Knabe pianos after their connection with the plaintiff company had ceased; (2) by advertising "club

¹ In fact the two Knabes mentioned seem to be the only living Knabes engaged in the piano business; Charles Keidel, a grandson of Wm. Knabe I, was for a time connected with the American Piano Co., but died during the pendency of this suit.

sales" of pianos not in fact Knabe pianos as bearing the Knabe guaranty; and (8) in deceiving the public by selling pianos under the Knabe name without disclosing the plaintiff's successorship to Wm. Knabe & Co. It appears, however, that the offending publications were promptly discontinued when complained of, and we are not convinced that deception in that regard was intended. As to the second point: Plaintiff sold other pianos besides the Knabe, including some taken in exchange, and it is not clear that the "Knabe guaranty" meant in the case in question that the pianos were sold as Knabe pianos, or went beyond the guaranty of quality. Respecting the third point: In view of the conveyance to plaintiff of the name, trade-marks, and good-will of its predecessors, a putting out of Knabe pianos under the name of "Wm. Knabe & Co." did not, in our opinion deprive plaintiff of the right to protect the name against infringement, *Herring v. Hall* (208 U. S. 554, 557, 558, 28 Sup. Ct. 350, 52 L. ed. 616); *Chickering v. Chickering* ([C. C. A. 7] 4 T. M. Rep. 279, 215 Fed. Rep., 490, 499, 500).

Coming to the meritorious question: By the sale of the Wm. Knabe & Co. Manufacturing Company's assets and good-will, the right of Ernst Knabe, Jr., and William Knabe III, to manufacture and sell pianos was in no way restricted in terms. Subject to the limitation hereafter stated, they thus had a perfect right, on severing their connection with the plaintiff company, to employ their own names in the business of manufacturing and selling pianos, either as individuals or in the name of the corporation of which they were the active managers and operators, and which in a proper sense represented their personal business. They had, however, no right to employ the trade-marks and trade-names which plaintiff had obtained under the purchase of the Knabe Manufacturing Company's assets, or to invade the good-will of that business. But by virtue neither of the common law nor of the registration under the statute of 1905 did plaintiff, as successor to Wm. Knabe & Co. or otherwise, obtain the exclusive right to the use of the name Knabe as a part of the corporate name in which the business was done. (*Howe Scale Co. v. Wyckoff*, 198 U. S. 118, 184, 25 Sup. Ct. 609, 49 L. Ed. 972, and following; *Donnell v. Herring*, 208 U. S. 267, 272-278, 28 Sup. Ct. 288, 52 L. ed. 481, and following;

Herring v. Hall, *supra*; *Dauids Co. v. Davids*, 4 T. M. Rep 175, 238 U. S. 462, 470, 34 Sup. Ct. 648, 58 L. ed. 1046; *Hall v. Herring* [C. C. A. 6], 146 Fed. Rep. 37, 40, 76 C. C. A. 495, 14 L. R. A. [N. S.] 1182, and following; *Stiz, Etc., Dry Goods Co. v. Amer. Piano* [C. C. A. 8], 4 T. M. Rep. 246, 211 Fed Rep. 271, 274, 127 C. C. A. 689; *Nashville Syrup Co. v. Coca-Cola Co.* [C. C. A. 6], 4 T. M. Rep. 328, 215 Fed. Rep. 527, 132 C. C. A. 39, Ann. Cas. 1915B, 358.)

Defendant had further the right to advertise and make the most, by legitimate means, of the former connection on the part of its managing officers and their familiarity with the manufacture of pianos, and even of Knabe pianos, and to get the benefit of such legitimate prestige as was afforded thereby. This right, however, to employ the family name of these Knabes in connection with their own business was subject to this stringent limitation; the name could be employed only upon condition that reasonable precaution be taken to make it clearly appear that the goods were defendant's own goods and of its own make, and not those of plaintiff or its predecessors. If defendant did not employ plaintiff's trade-marks or trade-names, and in connection with the use of its own corporate name took such steps as to make clear the actual origin of the goods and to prevent misunderstanding and confusion with plaintiff's goods, defendant has not infringed plaintiff's rights so far as the mere putting out of pianos is concerned; otherwise, plaintiff's rights have been invaded. Defendant, of course, had no right to use the trade-name of "Knabe," or "Wm. Knabe & Co." (indeed, defendant disclaims such right), for the use of those names would naturally and directly tend at least to create confusion as to the origin of the goods. Nor has defendant the right to advertise its pianos as Knabe's, for the unqualified use of that word naturally suggests origin of manufacture. It is also clear that the mere use, either with or without the place of manufacture, of the name Knabe Bros. Company is not enough to distinguish defendant's goods from plaintiff's, for the general public is presumably unfamiliar with the place of manufacture of the Wm. Knabe & Co. pianos or the precise form of the manufacturer's name. The name "Knabe" is the impressive feature; and while dealers are presumably in little, if any, danger of being misled by the use of defendant's name without

other warning, the ultimate purchaser of only ordinary information is the one to be considered. (*De Voe Snuff Co. v. Wolff* [C. C. A. 6], 8 T. M. Rep. 488, 206 Fed. Rep. 420, 424, 124 C. C. A. 802, and cases there cited.) It is also clear that defendant's use of script type (instead of the use of the old English of the trademark "Wm. Knabe & Co.") does not sufficiently distinguish.

While there was on the inside of the piano a notice that defendant had no connection with the Wm. Knabe Company or with plaintiff, we have no assurance that prospective purchasers would necessarily see or be attracted by this notice. The court was thus clearly justified in requiring that there be placed on the outside of the piano further warning notice than given by defendant's name and address on the fall-board. But we think the adoption of the metal plate as such a warning notice exceeded what was proper and necessary. The fact that defendant used on its pianos its own corporate name (containing the name "Knabe") required it to explain, but not to apologize; and we think the use of the metal plate with its finely inscribed lines, instead of the plain and universally used lettering upon the fall-board, directly and unnecessarily tended to discredit the regularity of defendant's product. We also think the statement that the piano is "not an original Knabe," or "not a Knabe," is unjustified; for thereby defendant was made to disclaim that the Knabe quality resided in its piano, and it fairly appears that the name "Knabe" has come to indicate both origin and quality. Defendant was bound to disclaim an implied origin of manufacture in plaintiff or its predecessors; it was not bound to disclaim such quality in its product.

We think defendant entitled to use its corporate name as manufacturer upon the fall-boards of its pianos. The question is: How can plaintiff in such case be adequately protected by warning notice? It is manifestly impossible to put a sufficient notice on the fall-boards without substantially mutilating and so unduly discrediting the pianos. There is no imperative requirement that the notice immediately follow the use of the manufacturer's corporate name. The rule, as variously stated, is that defendant must accompany the use of its name "with the explanation" (*Merriam v. Saalfeld*, 2 T. M. Rep. at page 451, 198 Fed. Rep. at page 875, 117 C. C. A. 245); it must "unmistakably inform" the public that the

article is its production (*Singer v. June*, 163 U. S. at page 200, 16 Sup. Ct. 1002, 41 L. ed. 118); it must so distinguish that "no one with the exercise of ordinary care can mistake" (*Saxlehner v. Eisner*, 179 U. S. at page 41, 21 Sup. Ct. 7, 45 L. ed. 60); it must give "the antidote with the bane" (*Herring v. Hall*, 208 U. S. at page 559, 28 Sup. Ct. 850, 52 L. ed. 616); it must be "clearly made to appear" that the goods were defendant's and not those of plaintiff or its predecessors (*Dauids v. Dauids*, 4 T. M. Rep. at page 182, 238 U. S. at page 471, 34 Sup. Ct. 648, 58 L. ed. 1046); the name cannot be used "without also giving information to the public" that it is not the business formerly carried on by Wm. Knabe & Co. (*Hall v. Herring*, 146 Fed. Rep. at pages 37, 44, 76 C. C. A. 495, 14 L. R. A. [N. S.] 1182); in other words, the means adopted must be adequate to fully prevent confusion. True, in the Waterman Pen Case (5 T. M. Rep. 1, 235 U. S. 93, 94, 35 Sup. Ct. 91, 59 L. ed. 142), the warning notice was required to be "juxtaposed" with the name of the manufacturer (and see *Waterman v. Drug Co.* [C. C. A. 6], 3 T. M. Rep. 120, 202 Fed. Rep. at page 169, 120 C. C. A. 455); but in the case of a pen a warning notice unless immediately juxtaposed would be inoperative.

A piano, however, presents different considerations; its purchase is a substantial one, and a prospective purchaser usually looks pretty carefully before buying. We see no reason to doubt that a completely effective warning against confusion as to origin would be furnished by a proper notice permanently attached to the cheek-block, in black upon a white ground, in letters readily legible, in connection with the modification of the fall-board inscription hereafter provided and the display of the notice we shall later speak of, and which we print in the margin of this opinion. It seems inconceivable that any prospective buyer would fail to see and read a notice so prominently displayed on the cheek-block. We think, however, the notice used by defendant, before the adoption of the metal plate on the fall-board, was an insufficient warning. It did not distinctly show that the piano was not the product of the original manufacturers of Knabe pianos, and such notice we think plaintiff entitled to. The inscription upon the fall-board should be in substantially the words "Made by Knabe Bros. Co., Cincinnati." The cheek-block notice should be without ornamentation,

and in plain, legible letters, as large as in defendant's first manufacture, and in substantially the following form:

"NOTICE

"This piano is not made by Wm. Knabe & Co. of Baltimore, who were the original manufacturers of the Knabe pianos, nor by the Wm. Knabe & Co. Mfg. Co., nor by the American Piano Co., successors of Wm. Knabe & Co. The Knabe Bros. Co. (maker of this piano) is not the successor of and has no connection with either of those three companies.

"The managing officers of the Knabe Bros. Co. are Ernst J. Knabe, Jr., and William Knabe III, grandsons of the original Wm. Knabe, and formerly officers of the Wm. Knabe & Co. Mfg. Co. of Baltimore."

There may be added, if desired, the guaranty and statement of inspection, as in the original cheek-block notice. Counsel will be heard upon the precise language of the notice in connection with the settling of the form of mandate. No markings upon the piano should be required, other than the fall-board and cheek-block inscriptions referred to, in connection with those already used on the interior of the piano.

We are aware that in *Chickering v. Chickering* (4 T. M. Rep. 279, 215 Fed. Rep. 490), the circuit court of appeals of the seventh circuit practically required defendant to use on its fall-board a new name for the piano. But the *Chickering* case differs materially from the instant case; there the defendants were only remotely related to the original manufacturers of Chickering pianos, and had never until the alleged infringing action been in any way connected with the manufacture of Chickering pianos, so that the right to use their own name was rightly judged by a much stricter standard. Moreover, the use of a notice upon the cheek-block was evidently not considered, and apparently not suggested. We think there is no necessary conflict between our conclusion and that adopted in the *Chickering* case.

Coming to the subject of defendant's representations, by advertising and otherwise: The advertising employed by defendant, or its agent, or both, went in some instances beyond what was proper; and we approve the restraint imposed by the court below in that regard, except in two particulars: (a) In paragraph 8 of the decree defendant is enjoined from stating or representing, by advertisements or otherwise, that the pianos manufactured by or for defendant are the only pianos made by a Knabe or by a living Knabe, or words to that effect. We think defendant entitled to

make this statement if and so long as it is the truth (as we understand it to be), provided, always, it is made clearly to appear that defendant and its officers have no connection by succession, inheritance or otherwise, with the business of the original manufacturers of the Knabe piano or the successor of those original manufacturers. (b) In paragraph 6 of the decree defendant is enjoined from making any statement, by advertisement or otherwise, that would lead the public to believe that pianos manufactured by or for defendant, or to be disposed of by or for it, are Knabe pianos. This should be so limited as not to forbid the assertion of a claim that defendant's pianos have the quality of Knabe pianos, provided, of course, there is such unmistakable disclaimer as to origin of manufacture as to preclude any confusion in that respect.

In the case of *Stitz, Baer & Fuller Dry Goods Co. v. American Piano Co.* (4 T. M. Rep. 246, 211 Fed. Rep. 271, 127 C. C. A. 689 [to which case the plaintiff and defendant here were parties]), the circuit court of appeals of the eighth circuit (4 T. M. Rep. 253, 211 Fed. Rep. 277, 127 C. C. A. 689) prescribed the form of restraint imposed on the use of the name Knabe, together with the form of a notice (before referred to and marginally printed below¹) required to be conspicuously inserted in circulars, catalogues, and advertisements, and to be framed and kept displayed upon defendant's pianos in all salesrooms in which they are offered for sale. For the sake of uniformity, and also because the requirement and notice meet our approval, the decree herein will contain similar provision.

¹ NOTICE

The Knabe Piano was made from 1837 to 1889, at Baltimore, by William Knabe & Co. In 1889 this firm was incorporated as William Knabe & Co. Manufacturing Company, and continued under that name until 1908, when it sold all its property, good-will, and trade-name to the American Piano Company, which has since been, and now is, carrying on said business at Baltimore.

Ernst J. Knabe, Jr., and William Knabe III learned the business from their father, Ernst Knabe, who had charge of it from 1864 to 1894. They were president and vice-president of the above companies from 1898 to 1911. In the latter year they withdrew from the American Piano Company and organized the Knabe Bros. Company, and began making pianos in Cincinnati.

The piano made at Baltimore has been, and now is, known to the trade as the "Knabe" or "William Knabe & Co." piano. The piano of the Knabe Bros. Company is named "The Knabe Bros." piano. It is a new manufacture, and has no connection with the pianos made at Baltimore.

We agree, also, with the circuit court of appeals of the eighth circuit that oral representations, while not required to be as explicit as those in writing, should be in harmony with the provisions referred to. It follows from what we have said that the injunction provisions of the final decree relating to plaintiff meet our approval.

The district court is directed to so modify its decree as to conform to the views we have expressed. The defendant will recover its costs of this court.

JACOWAY V. YOUNG, et al.
(228 Fed. Rep., 630)

Circuit Court of Appeals, Eighth Circuit

November 16, 1915

1. **TRADE-MARKS—RIGHTS—OWNERSHIP.**

The exclusive right to the use of a trade-mark rests not on invention, but on such use as makes it indicative of the origin of the claimant's goods.

2. **TRADE-MARKS—INFRINGEMENT.**

Plaintiff's registered trade-mark "Old Smoke House" is valid and infringed by defendant's use of a label which appropriated the trade-mark features of plaintiff's by referring to the subject of a portrait as "Old Smoke House Root," and the wording of which closely simulated the wording of plaintiff's label. The use of the word "Magic" to describe defendant's goods does not remove the infringement.

3. **INFRINGEMENT—UNFAIR COMPETITION—JURISDICTION.**

In a suit alleging infringement of a registered trade-mark and unfair competition, where the United States district court had jurisdiction over the parties for the purpose of enjoining the infringement, it also has jurisdiction to restrain all wrongful acts done in connection with the infringement which augment and aggravate the wrong.

4. **UNFAIR COMPETITION—ELEMENTS.**

Where plaintiff used on its label a laudatory description of his goods which originated with plaintiff, and defendant used this same address on his label, such unfair competition should be restrained.

5. **UNFAIR COMPETITION—INFRINGEMENT—ACCOUNTING.**

Where defendant has infringed plaintiff's registered trade-mark and competed unfairly, plaintiff *held* entitled to an accounting of profits from date of filing of original bill.

On appeal from a decree of the United States district court for the district of Colorado, dismissing the bill. Reversed with directions.

John A. Gordon, of Denver, Colo. (*John Thomas Maley*, of Denver, Colo., on the brief), for appellant.

D. Edgar Wilson, of Denver, Colo. (*George T. Hodges* and *Lafayette F. Crawford*, both of Denver, Colo., on the brief), for appellees.

Before **CARLAND**, Circuit Judge, and **AMIDON** and **VAN VALKENBURGH**, District Judges.

VAN VALKENBURGH, District Judge. This is a bill to restrain infringement of trade-mark and for accounting. The court below held that the action complained of did not constitute infringement, and entered a decree dismissing the bill.

The trade-mark involved concerns smoking tobacco, and is registered as "Old Smoke House." This mark, as disclosed by the application and statement filed in the United States Patent Office, is designed to be applied or affixed to the goods or to the packages, boxes, or receptacles containing the same, etc., and is intended to stamp the goods put out by complainant, who has, for some years owned and operated, in Denver, Colo., a store known and characterized as the "Old Smoke House." The trade-mark was applied for December 21, 1906, and was duly registered March 19, 1907. The statement alleges and the proof shows that this mark has been continuously used in complainant's business since about June 1, 1905. On that date one Myron A. Root was in the employ of complainant. He had previously owned this same place of business, but it had passed from his hands, and, by conveyance and by operation of law, had become vested in complainant Jacoway. It was while Root was thus employed at complainant's place of business that a mixture of smoking tobacco known and characterized as "Old Smoke House Blend" was prepared and offered to the trade. Root claims to have been the originator of this blend. However that may be, Jacoway applied for and obtained this trade-mark for the protection of this product of his business. A label containing the trade-mark was applied to packages of tobacco prepared by the house, and upon that label appeared an address to pipe smokers, which originated in appellant's place of business. This label, containing both the trade-mark and the address aforesaid, is as follows:

Copyright
Benson L. Jacoway
Denver, Colorado

To the pipe smoker who appreciates the difference between smoking from habit and smoking for the pleasure to be derived from the cool, sweet fragrance of good tobacco, and a properly cured for pipe, **THIS BLEND IS ESPECIALLY RECOMMENDED.** This is not a mixture such as you find packed in fancy tin boxes under a fancy name and price, but a BLEND of the **FINEST TOBACCO GROWN IN THE WORLD** and blended together in an intelligent understanding of the character of the different tobaccos used.

To simply take a few ounces of several kinds of tobacco and mix them together results only in a mixture, a conglomerate mass of tobacco, wholly lacking in character and flavor; but a **WELL-BALANCED BLEND**, constructed on the principle of harmonizing the different flavors and grades of tobacco, results in a **SMOOTH, RICH, FRAGRANT SMOKE.**

NOTE: A small circle of Apple placed by pipe tobacco will keep it moist and milder.

THE ORIGINAL

FAMOUS

OLD SMOKE HOUSE

BLEND

THE RESULT OF THIRTY YEARS' EXPERIENCE
OF COUNTRY FOR

THE OLD SMOKE HOUSE

604 17TH ST., DENVER, COLORADO

REG. U. S. PATENT OFFICE

Later on Root left the employ of appellant and entered that of appellees. He claims that while in the employ of appellant he had been accorded the soubriquet "Old Smoke House Root, the Tobacco Wizard," and that he carried with him also the right and title to the "Old Smoke House Blend," of which he likewise claims he was the originator. In conformity with these claims, appellees have put out packages of smoking tobacco, similar in size and general appearance to those prepared by appellant as aforesaid, upon which the following label appears:

THE FAMOUS

THIS BLEND OF TOBACCO
IS THE PROPERTY OF

"Old Smoke House"

ROOT

THE FAMOUS BLEND

537 16TH STREET
DENVER, COLORADO

THE RESULT OF 30 YEARS' EXPERIENCE

Maglo

Blond

2 oz. 25c. 4 oz. 50c.
\$2.00 per lb.

READ THIS

To the pipe smoker who appreciates the difference between smoking from habit and smoking for the pleasure to be derived from the cool, sweet fragrance of good tobacco and a properly cured for pipe, **THIS BLEND IS ESPECIALLY RECOMMENDED.**

This is not a mixture such as you find packed in fancy tin boxes under a fancy name and price but a BLEND of the **FINEST TOBACCO GROWN IN THE WORLD** and is blended together with an intelligent understanding of the character of the different tobaccos used.

To simply take a few ounces of several kinds of tobacco and mix them together results only in a mixture, a conglomerate mass of tobacco, wholly lacking in character and flavor; but a **WELL-BALANCED BLEND**, constructed on the principle of harmonizing the different flavors and grades of tobacco, results in a **SMOOTH, RICH, FRAGRANT SMOKE.**

NOTE: A small circle of Apple placed by pipe tobacco will keep it moist and milder.

In this action appears the invasion of appellant's rights of which complaint is made. The court below dismissed the bill on the stated grounds: first, that Root never parted with the exclusive right to compound and sell his particular blend of smoking tobacco; second, that the label containing the words "Smoke House" used these words not to indicate where, but by whom, the article is compounded.

This holding involves a misconception of the theory which underlies the law governing trade-marks and affording protection to the property right created thereby. A trade-mark has no efficacy except in connection with the business in which it is used. It cannot be assigned separately therefrom, and ordinarily passes with a transfer of the business. It may be true that Root was a

handler and blender of tobaccos, as he claims. This alone would not confer trade-mark rights. Nothing of record impeaches this mark, which is arbitrary, distinctive, and apt for the purposes for which it was designed. It was applied for and secured by complainant in connection with his business. Root, the individual, going from complainant to respondent, in the capacity of a mere employee, dealing with goods and a business not his own, could not carry with him a registered trade-mark, nor personal rights destructive thereof. The doctrine of prior use does not apply in such a case, because the exclusive right to the use of a trade-mark rests not on invention, but on such use as makes it point out the origin of the claimant's goods. It must be early enough for that, but absolute priority is not required. (*Tetlow v. Tappan* [C. C.], 85 Fed. Rep. 774.) Moreover, whatever prior use is shown took place in the Old Smoke House business, which, with all its rights, has accrued to appellant. It is very evident that respondent's package is intended to, and does, appropriate the characteristic trade-mark features of complainant's package. The employment of the word "Magic" as descriptive of respondent's blend does not relieve, because the entire wording of the trade-mark appears upon the packages in such connection as to persuade the buyer that this is, in reality, the "Old Smoke House" product. The trade-mark being valid, and no serious contention is made to the contrary, respondent's package is, well within the doctrine announced in all the cases, an infringement.

Appellant also charges appellees with unfair trade in the use of the address to pipe smokers, to which reference has been made, in connection with the unwarranted use of the trade-mark itself. The trade-mark found to be valid, the district court had jurisdiction of the parties, and of the subject-matter, for the purpose of enjoining not only the infringement of that trade-mark, but also all wrongful acts done in connection with the infringement which augment and aggravate the wrong. (*Ross v. Gee* [C. C.], 1 T. M. Rep. 810; 188 Fed. Rep. 781.) This flows from the general rule of equity that, having taken cognizance of the case upon any ground on which jurisdiction is given, the court will proceed to dispose of the whole controversy between the parties. (*Woods Co. v. Valley Iron Works* [C. C.], 166 Fed. Rep. 770; *Hobbs v. Gooding* [C. C.],

164 Fed. Rep. 91; *White v. Ewing*, 159 U. S. 86, 15 Sup. Ct. 1018, 40 L. Ed. 67.)

Appellant is entitled to a decree enjoining appellees, their agents, and employees, from using the trade-mark "Old Smoke House" in connection with packages of smoking tobacco as prayed; also from using the address to pipe smokers upon their labels applied to such packages of smoking tobacco; also for an accounting for the period beginning with the filing of the petition in the court below.

The decree of the district court is reversed, with directions to enter a decree in accordance with the views herein expressed. It is so ordered.

BASKET STORES OF LINCOLN V. ALLEN, et al.
(155 N. W. Rep. 893)

Nebraska Supreme Court

December 23, 1915

1. TRADE-MARKS—INFRINGEMENT.

It is an infringement on a legally acquired trade-name to use in the same locality and in the same line of business, another name of an import so similar that ordinary attention would not disclose the difference between the two names.

2. TRADE-MARKS—INFRINGEMENT—INJUNCTION.

When the owner of a trade-mark applies for an injunction to restrain a competitor from injuring his property by making false representations to the public, it is essential that the complainant and defendant should both be engaged in the sale of the same kind of goods.

On appeal from a decision of the district court, Lancaster County, granting an injunction. Affirmed.

R. H. Hagelin, of Lincoln, for appellants.

Sterling F. Muts, of Lincoln, for appellee.

HAMER, J. The plaintiff, a corporation, seeks to enjoin the defendants, Frank S. Allen and Ida Forde, from doing business under the firm name of "The Basket Store." Plaintiff alleges that its place of business is at 1020 P street. It is conducting eight stores in Lincoln. They are described in plaintiff's petition as: "Basket Store" No. 1; "Basket Store" No. 2; "Basket Store" No. 3; "Basket Store" No. 4; "Basket Store" No. 5; "Basket

Store" No. 6; "Basket Store" No. 7; "Basket Store" No. 8. Plaintiff alleges that it has been continuously in the business of buying and selling groceries and meats at retail since the 18th day of March, 1908, and that it has used for its trade-name at the several places of business which it names in its petition the words "Basket Store"; that the scope of territory in which the plaintiff does business includes all the city of Lincoln, University Place, Havelock, College View, Bethany, and West Lincoln, with contiguous territory in Lancaster county on all sides of the said cities and villages and for a distance of several miles into the country. Plaintiff claims that it is entitled to the exclusive use of the name "Basket Store" in its business in said territory and without interference; that the plaintiff has built up a large and prosperous business, and has spent large sums of money in advertising and putting the name "Basket Store" before the public; that the public became acquainted with the plaintiff through the use of the trade-name "Basket Store," as also the reputation of the plaintiff for low prices when compared with other stores; that the defendants, knowing these facts, on the 15th day of June, 1912, fraudulently and unlawfully commenced to use the plaintiff's said name "Basket Store" in the grocery business in University Place, and within the territory in which the plaintiff does business; that by virtue of the use of the said name by the defendants the public and the plaintiff's customers have been deceived and have been led to believe that they are dealing with the plaintiff when in fact they are dealing with the defendants; that the use of said name by the defendants is unfair to the plaintiff, and is taking advantage of the plaintiff's extensive advertising of its business, and that the plaintiff has thereby lost many customers and is still losing them; that the plaintiff has been damaged by the loss of said customers and by the loss of profits and by the loss of the value of its advertising; that the plaintiff has repeatedly requested the defendants to refrain from using the said name in their said business, but they refused to do so and are still using said name; that by virtue of the continuing nature of the injury and damage to the plaintiff, there is no adequate remedy at law, and that if there was a remedy at law, the same would involve a multiplicity of suits, and would be uncertain, protracted and of no value. The prayer to the original petition

is that the defendants be forever enjoined from using the name "Basket Store" in connection with the grocery and meat business which they conduct in University Place and within the territory in which the plaintiff does business. The defendants in their answer claim to be conducting a store in the city of University Place known as a "Basket Store"; that University Place is a separate and distinct municipality from that of the city of Lincoln, and that said cities are five miles apart; that what the defendants did was done in good faith, and without any intention to injure or defraud the plaintiff. The case came on for trial on the 7th day of July, 1918, whereupon it was adjudged that the plaintiff is entitled to the exclusive use of the name "The Basket Store" within the territory named in the petition, and that the defendants be forever enjoined from using the said name in connection with their said grocery and meat business in University Place, Nebraska, and that the defendants pay the costs. From this judgment the defendants appeal.

An examination of the evidence would seem to show that the plaintiff's business has become valuable by reason of the fact that the purchaser of goods is attracted by the method of doing business and the financial advantage which may result to him. He is likely to say to himself that if he goes and pays cash at that kind of a store for such goods as he can purchase, he will get the goods for less than their retail price; that other persons who buy there will get the goods which they purchase at less than the retail price; that one of the reasons that he will get the goods at less than the retail price is because, where the store is a basket store, it does not carry the goods to the home of the purchaser. He carries the goods himself, or procures a method of transfer. The purchaser may say to himself, "So long as I deal at a basket store, I will get the goods for a less price by reason of the fact that the store is not put to the expense of carrying goods over a wide expanse of territory and to many purchasers, some of whom never pay. A basket store sells strictly for cash. There is therefore no loss by reason of failure to collect. Also it may be said that the quality of the goods will be much improved by reason of the fact that large quantities will be sold, and that they will always be fresh."

The use of the descriptive words may not be defended upon the ground that they constitute a trade-mark; at the same time

it would seem to be unfair that one may obtain the business of another when the chief value in such business is the name. The plaintiff with his eight stores of the same name has built up a large and prosperous business, as it appears from the evidence. If the defendants seek to take advantage of the name under which the plaintiff has been doing business, it is, to say the least, unfair. If theirs is a good store, they can build up a reputation of their own.

In the case of *Miskell v. Prokop* (58 Neb. 628, 79 N. W. 552), this court held that a trade-name might be acquired. The first paragraph of the syllabus reads:

"A right to the exclusive use in the particular locality of a trade-name or a sign may be acquired."

In that case, however, the judgment was for the defendant. The controversy was about the right to use the term "Racket Store." The defendant conducted its business under the name "New York Racket Store." This court held that there was a distinction between "New York Racket Store" and "Racket Store," and that a careful examination of the words would prevent the public from being deceived. This court said:

"In the present case we think the question upon which the decision must turn is, Was the defendant's sign, taken as a whole, such a simulation of that of the plaintiff as to work the mischief attributed to it or well calculated to so do?"

The doctrine is clearly laid down, however, that there is no right to deceive the public or to injure a merchant by the adoption of the peculiar name under which he does business. (See *Beebe v. Tolerton & Stetson Co.*, 117 Iowa 598, 91 N. W. 905.)

In *Regent Shoe Mfg. Co. v. Haaker* (75 Neb. 426, 106 N. W. 595, 4 L. R. A. [N. S.] 447), this court held that where a mercantile company has acquired a trade-name in a particular locality, it is entitled to protection against unfair competition in its particular line of business by the use of a competitor of a name of such similar import as to probably deceive the public.

We are unable to discover a sufficient reason for setting aside the judgment of the district court in favor of the plaintiff. The judgment of the district court is affirmed.

LETTON and SEDGWICK, JJ., not sitting.

FAISAN V. ADAIR
(87 S. E. Rep., 1080)

Georgia Supreme Court

March 6, 1916

1. **STATUTE—INFRINGEMENT ON NAME OR EMBLEMS—VOLUNTARY ASSOCIATIONS.**

The act of 1909 (Civ. Code 1910, §§ 1993, 1994) for the protection of any incorporated organization, benevolent or other, against the use or adoption of its name, style or emblems by others cannot be invoked by voluntary associations.

2. **ASSOCIATIONS—CORPORATIONS—INFRINGEMENT OF NAME—INJUNCTION.**

Equity will enjoin individuals, or a corporation, that are using the name, insignia and emblems of an existing benevolent and fraternal association to the injury of the latter. The facts examined, and *held*, that the court did not abuse its discretion in granting an interlocutory injunction.

On appeal from a decision of the Supreme Court, Fulton County, granting an injunction. Affirmed.

George Gordon, of Atlanta, Ga., for plaintiffs.

W. H. Terrell, Jas. L. Mayson, and W. A. Fuller, all of Atlanta, Ga., for defendants.

THOMAS, J. The plaintiffs are officers of Yaarab Temple, a local branch of a voluntary fraternal association known as the "Ancient Arabic Order of the Nobles of the Mystic Shrine." Both the local branch and the general association are unincorporated bodies. The defendants are alleged to be members of Rabban Temple, a local branch of an order calling itself the "Ancient Egyptian Arabic Order of the Nobles of the Mystic Shrine of North and South America, etc." The action is to enjoin the defendants and their order from using the name adopted by it, which is alleged to be a colorable imitation of the name of the fraternal association of which the plaintiffs are members, and to prevent the use by the defendants, and the association of which they are members, of titles, insignia, and emblems in use by the organization to which the plaintiffs belong, and to the exclusive use of which they allege that organization is entitled. The court granted an interlocutory injunction, and the defendants excepted.

1. The names of the two associations are not substantially different, and it is admitted that the defendants are using the same

titles, insignia, and emblems in connection with their membership in their association as the plaintiffs are using by virtue of their membership in the association to which they belong. The court was authorized to find that the fraternal association of the plaintiffs first used the name, titles, emblems, etc., in the United States and also in Georgia. So that the question is presented of the right of the plaintiffs to the injunction prayed against the defendants. The right is predicated by the plaintiffs in part on the act of 1909 (Civil Code 1910, §§ 1998, 1994). That act forbids all persons or organizations from assuming, using, adopting or becoming incorporated under, or continuing to use, the name, style, or emblems of any benevolent, fraternal, social, humane, or charitable organization previously existing in the state, and which has been incorporated under the laws of this state or any other state, or of the United States, or a name or style or emblems so nearly resembling the name and style of such incorporated organization as to be a colorable imitation thereof. In order for a plaintiff to obtain the aid of this act, it must appear that such plaintiff is (1) an incorporated association, (2) that it is a benevolent, etc., organization previously existing in this state, and (3) that the defendants propose to use, or are using, the name and style or emblems of such incorporated organization, or such as so nearly resemble the same as to be a colorable imitation. When the plaintiffs admitted that their association was unincorporated and that they sued as members of a voluntary association, they did not bring themselves within the purview or protection of the statute. (See *Emory v. Odd Fellows*, 140 Ga. 428, 78 S. E. 922.)

2. But this statutory remedy is not exclusive. Equity will enjoin individuals or a corporation that are using the name, insignia, and emblems of a benevolent and fraternal association to the injury of the latter. The plaintiffs had first adopted the name of the Ancient Arabic Order of the Nobles of the Mystic Shrine, and organized and maintained under that name upon a very large scale a fraternal organization, and was operating in the city of Atlanta, Fulton County, Georgia. The defendants subsequently organized a similar society to be operated in the city of Atlanta, under the name of the Ancient Egyptian Arabic Order of the Nobles of the Mystic Shrine of North and South America, etc. The above all

appears from the pleadings, and is undenied. When the plaintiffs brought suit to enjoin the defendants from the use of their name, insignia, emblems, etc., the judge who heard the application for injunction found that the name adopted by the defendants was so similar to that of the plaintiffs that the natural tendency was and would be to confuse and mislead the public, and in consequence was a fraud and injury which the plaintiffs were entitled to enjoin; and he granted the injunction. That was the question submitted for his determination. He was to pass upon the questions of fact involved in that issue. The judge, in passing upon the facts, had before him the admissions of the defendants that the plaintiffs had first adopted and used the name in the city of Atlanta, and that the defendants subsequently adopted the use of the same name, except the inclusion of the word "Egyptian" between the words "Ancient" and "Arabic," and he found that the names, thus similar, were calculated and had the natural tendency to result in confusion and embarrassment. It also appeared in evidence that certain members of the defendant organization had painted upon the windows of their respective places of business the distinctive emblem of the plaintiff organization. It was only necessary to show facts from which the trial judge could reach the conclusion that confusion and injury were likely to arise. (*Geo. G. Fox Co. v. Glynn*, 191 Mass. 344, 78 N. E. 89, 9 L. R. A. [N. S.] 1096, 114 Am. St. Rep. 619.) In the case of *Benevolent P. O. E. v. Improved Benevolent P. O. E.* (122 Tenn. 141, 118 S. W. 389), it is stated that the fact that two fraternal organizations drew their membership from different races, which did not mingle socially or fraternally, is not sufficient ground for denying injunctive relief against the use of the name, insignia, etc. It is well established that a benevolent, fraternal, or social organization will be protected in the use of its name, insignia, etc., by an injunction to restrain another organization from using the same, or others so similar as to be misleading. (*Grand Lodge K. of P. of North and South America v. Grand Lodge K. of P.*, 174 Ala. 395, 56 South. 968.) In *Knights of Maccabees v. Searle* (75 Neb. 285, 106 N. W. 448), the court said that it was not necessary for the plaintiffs to allege and prove that the public would be misled by the use of a part of its name by another organization, but that it was sufficient to allege

and prove that there would be a tendency to so mislead the public. In *Re Polish Catholic Church* (31 Pa. Super. Ct. 87), the court said:

"Confusion likely to follow from the use of similar names is the reason for denying the right to such use, rather than the existence of any vested right in the organization objecting to the use of the name."

Nor is it essential, in such cases, for the plaintiffs to show pecuniary loss or injury. The law with respect to trade-marks and trade-names applies generally to trade corporations where pecuniary loss or injury may be established; but, with respect to fraternal societies not engaged in trade, there may be injury, and serious injury, which may not be said to be pecuniary injury. This view is sanctioned in the case of *Benevolent, etc., Order of Elks v. Improved Benevolent, etc., Order of Elks of the World* (2 T. M. Rep. 360, 205 N. Y. 459, 98 N. E. 756, L. R. A. 1915B, 1074, Ann. Cas. 1915E, 689), where the court said:

"A benevolent corporation is entitled to an injunction against the unfair and misleading use of a corporate name by another corporation engaged in similar enterprises, although it is not carrying on any trade, or industrial or financial business, which can be injuriously affected by the use of the name."

And while the plaintiffs and defendants in the instant case are not incorporated, the principle is the same. (*Salvation Army v. American Salvation Army*, 135 App. Div. 268, 120 N. Y. Supp. 471; *Society of War of 1812 v. Society of War of 1812*, 46 App. Div. 568, 62 N. Y. Supp. 355.) There was no abuse of discretion in the grant of a temporary injunction.

Judgment affirmed. All the Justices concur, except Judge JONES, who heard the argument, but did not participate in the decision.

LUMPKIN, ATKINSON, and HILL JJ., being disqualified, Judges THOMAS, of the Southern circuit, COX, of the Albany circuit, and JONES, of the Northeastern circuit, were designated to sit in their stead.

STANDARD BREWERY CO. OF BALTIMORE CITY V. INTERBORO
BREWING CO. INC.

(229 Fed. Rep. 543)

United States Circuit Court of Appeals

Second Circuit, January 11, 1916

1. **TRADE-MARKS—REGISTRATIONS—EXTENT OF RIGHT**

The right which a person obtains by the registration of a trade-mark under the federal statute is coterminous with the territory of the United States, and entitles him to enjoin the use of the same mark in interstate commerce by another, even in a territory distant from that covered by the registrant.

2. **TRADE-MARKS—ASSIGNMENT**

A trade-mark may not be assigned except in connection with an existing business or good-will. An assignment of a registered trade-mark by one claiming under the registrant, but who has ceased to use the mark, conveys no title.

On appeal from a decree dismissing the bill. Reversed.
See also 5 T. M. Rep. 108; 6 T. M. Rep. 139.

A. Cox and Robert W. Byerly, both of New York City, and
E. Walton Brewington, of Baltimore, Md., for appellant.

W. H. Small, of New York City (*Henry A. Rubino and Herman C. Rubino*, both of New York City, of counsel), for appellee.

Before LACOMBE, COXE, and WARD, Circuit Judges.

LACOMBE, Circuit Judge:—Apparently the District Judge reached the conclusion that complainant was entitled to continue selling under its trade-mark within its own territory, Baltimore and vicinity and the West Indies, while defendant was free to sell under the same trade-mark in its territory, New York and vicinity. Much the same result was accomplished, by applying the doctrine of laches, in the case of *Carroll v. McIlwaine*. (Our opinion therein will be found in 183 Fed. Rep. 22, 105 C. C. A. 314.) But in this case we are dealing with no question of laches, in moving against the defendant as we were in the Carroll Case. Trade-mark registered under the statutes of the United States is declared upon. The rights which a person obtains by registration of a trade-mark under those statutes are coterminous with the territory of the United States.

Upon application filed January 5, 1906, and which stated that the trade-mark had been used continuously in its business since July 1, 1903, complainant on March 15, 1907, obtained a registered trade-mark for the name "Bismarck" applied to packages of beer. The evidence shows that certainly since July, 1904, plaintiff has been selling its beer continuously under that name. The evidence also indicates that, except for defendant's sales to be referred to later, no beer was sold anywhere in the United States subsequent to May, 1904, under the name "Bismarck." We have, then, a registered United States trade-mark issued to an individual at a time when such individual was and for some time had been the only individual selling under that trade-mark; subsequent to the issue the same individual continues selling his goods under that mark for several years, with no one else selling goods under the same mark; finally, six years after registration, defendant begins selling under such mark. Manifestly a *prima facie* case of infringement of the statutory trade-mark is made out. It is in order, then, to consider the defenses.

In 1912 defendant decided to use the name "Bismarck" as trade-mark for beer of its brewing. Quite naturally it apprehended that a similar use of the name of the great Chancellor had been made before, and undertook to ascertain if this were so. Its investigation seems to have been quite carelessly conducted, because it wholly failed to discover the registration of complainant's trade-mark in the Patent Office in 1907. It did, however, discover, the registration in that office of the words "Bismarck Brau" by one Charles Weiler, of Moorestown, N. J., on December 8, 1890. Defendant tried to get into communication with Weiler, but found he was deceased, whereupon it began to market its beer as "Bismarck" in 1913. Subsequently learning of complainant's use of the trade-mark, it made a further search as to the Weiler trade-mark with the following results: Weiler was an employe of the Henry Muller Brewing Company. Apparently neither he nor that company ever sold any beer under the trade-mark. The registration of Weiler, by mesne assignments, came into the possession of the Bergner & Engel Brewing Company, with which the Muller Company had amalgamated, but the Bergner & Engel Company has never "used the brand of beer known

as Bismarck." In November, 1894, the latter company assigned to Habitch & Co. an exclusive license under this Weiler registration to use the trade-mark in the New England States. Habitch & Co. sold beer under this mark until 1900, when they amalgamated with other companies to form the Massachusetts Breweries Company. The latter company continued to sell beer under the trade-mark until May 26, 1904; since then it has discontinued sales. On May 8, 1913, defendant obtained from the Massachusetts Brewing Company a letter purporting to license defendant to use the trade-mark on condition that it would guarantee that its products would not be sold in New England.

We are of the opinion that this series of transactions did not clothe defendant with title to the Weiler registration, or give it any established trade-mark. Since neither Weiler, nor the Muller Company, nor the Engel Company ever sold any beer under the trade-mark, the "exclusive license" to the Habitch Company, being merely an attempted transfer of name, without business or good will, conveyed no title. At the best its issuance might estop the Engel Company from interfering with sales by the Habitch Company. Since the Habitch Company ceased doing business in 1900, and the Massachusetts Company ceased selling beer under the trade-mark in 1904, the latter's license to defendant was merely an attempt to transfer a name without any business or good will, and effected nothing. The facts above cited do not establish a defense to the *prima facie* case.

Defendant also attacks complainant's title to its registered trade-mark. It appears that, prior to its application for registration, complainant, wishing to use the name "Bismarck" and hearing of Weiler's registration, applied to the Engle Company and obtained from them an assignment thereof, excepting the New England States. Apparently it supposed that it thereby acquired some rights, for it at once (in 1904) proceeded to sell Bismarck beer. It had really obtained nothing by the assignment, since it purported to transfer a name only, without any business or good will. Indeed, there was no business or good will for the assignor to transfer, since neither Weiler, nor the Muller Company, nor the Engel Company had ever sold any "Bismarck beer." Thereupon complainant filed application January 5, 1906, for

registration of the trade-mark "Bismarck" in its own name, on the strength of its continuous use since July 1, 1903, with the usual declaration that to the best of its knowledge no one else had any right to it. Interference was declared between its application and the Weiler registration, and eventually the registered trade-mark here sued on was granted May 19, 1907. Why this action of the Patent Office was not proper under the circumstances, and why it did not give to complainant the usual rights secured to a person who obtains such registration, we fail to see.

It is urged that the office was not fully informed as to the assignment from Engel Company to complainant with its exception of New England territory. But if everything here proved had been laid before the office, it would have been its duty under the statute to grant the registration. By the assignment from the Engel Company complainant had obtained nothing, but it showed that certainly since July, 1904, it had continuously sold "Bismarck beer" as part of its regular business. The so-called license to the Habitch Company from the Engel Company, which never had a Bismarck beer business, conveyed nothing. The sales of Bismarck beer in New England by Habitch Company ceased in 1900, and by Massachusetts Breweries ceased in May, 1904. So far as the record shows, no one else in the United States was selling beer under such trade-mark, and as exclusive dealer for over two years complainant was entitled to his registration.

The decree is reversed.

COCA-COLA CO. v. J. C. BUTLER & SONS.

(229 Fed. Rep. 224)

United States District Court

Eastern District of Kentucky, Western Division, February 7, 1916

1. TRADE-MARKS—PROTECTION.

The protection given by law to trade-mark has a twofold object; to protect the owner in his property and to protect the public from being deceived by reason of a misleading claim.

2. TRADE-MARKS—INFRINGEMENT—DECEPTION

The use of any simulation of a trade-mark which is likely to induce common purchasers exercising ordinary care to buy the article to which such simulation is affixed in the belief that it is the product of the owner of the trade-mark, is unlawful and will be enjoined.

3. UNFAIR COMPETITION—USE OF MANUFACTURER'S TRADE-MARK ON GENUINE GOODS.

Where a manufacturer of a beverage sells in bulk a syrup for making the beverage and also puts the beverage up in bottles, the latter bearing a distinctive trade-mark, one who purchases the syrup in bulk and manufactures a beverage therefrom which he bottles and to which he affixes the manufacturer's distinctive labels is guilty of unfair competition.

4. TRADE-MARKS—LEGAL MONOPOLY

The owner of a trade-mark enjoys a monopoly under the trade-mark law, which neither the Sherman act nor any other act of congress forbids.

In Equity. Decree for plaintiff.

The plaintiff seeks to enjoin the defendants, who constitute a mercantile firm, doing business under the firm name of J. G. Butler & Sons, from using, in connection with the manufacture, advertising, offering for sale, or sale of any beverage, the words "Coca-Cola," or any like word or words, and in any other manner infringing upon the plaintiff's rights as owner of the trade-mark "Coca-Cola," and also seeks an accounting of the damages sustained by it, by reason of the unlawful use of its trade-mark.

The material allegations in the complaint are: That the plaintiff is now, and has been ever since 1892, manufacturing and marketing a syrup for making a beverage sold to the public under the name of "Coca-Cola." That it became vested with and entitled to the sole and exclusive right to use that trade-mark, which has been duly registered in the United States Patent Office on May 14, 1892, under the provisions of the Act of Congress of March 3, 1891, c. 565, 26 Stat. 1106. That on April 22, 1905, registration of the said trade-mark was again allowed by the Commissioner of Patents under the Act of Congress approved February 20, 1905, c. 592, 33 Stat. 724. That it has manufactured and marketed, and is now manufacturing and marketing, two kinds of said syrup—one designed and adapted for making a beverage by mixing with carbonated water at soda fountains in the presence of the purchaser, which is intended for immediate consumption, and is a fountain drink, and is well known to the public. The other kind is designed and adapted to be used, and is used, for manufacturing a carbonated beverage put up and sold for consumption in bottles; each of them being sold by the plaintiff in distinctive packages, bearing its trade-mark name on distinctive labels. That it has at all times insured and safeguarded the manufacture and bottling

of said carbonated bottled beverage made from its "Coca-Cola" bottling syrup, by selecting, designating, and licensing the bottlers using the said bottling syrup, and inspecting and supervising the manufacture, carbonating, and bottling of said beverage by said bottlers, so as to safeguard and insure the purchasers and consumers of said bottled product as to the quality, purity, and character thereof, and has under such circumstances and conditions, and none others, allowed and permitted the use of the name "Coca-Cola," as the trade-mark therefor, and as plaintiff's guaranty of the authenticity of the said carbonated and bottled beverage, and plaintiff's supervision, inspection, and approval thereof, and responsibility therefor. So that in connection with a bottled drink the name "Coca-Cola" is plaintiff's guaranty of genuineness and fidelity that such drink is properly made of proper materials, and is plaintiff's assurance of cleanliness and excellence of manufacture, carbonating, bottling, and sale, and is so relied upon by the purchasers and the public. That it has expended large sums of money in advertising to the public that its beverage, under its trade-name, can be had at fountains and in bottles, and that the bottled product which is offered to the public in bottles, with plaintiff's trade-mark name "Coca-Cola," applied to the bottled beverage, means to the public a beverage produced wholly under conditions which plaintiff supervises and controls, and one guaranteed throughout by plaintiff to be so produced, and to be wholesome, palatable, and uniform, and is so understood by the public. It is then charged that the defendants have put upon the market in bottles a product somewhat resembling in taste and appearance the plaintiff's bottled "Coca-Cola," but which is not plaintiff's bottled "Coca-Cola," and had applied to the crown of the bottles containing said defendant's product, and upon labels attached to the bottles, the name "Coca-Cola," as the trade-mark name therefor, without plaintiff's permission or authority; that by reason thereof the public is being deceived into the belief, contrary to the fact, that the product of the defendants is the bottled product guaranteed by the plaintiff, as aforesaid.

The answer of the defendants pleads that they are not sufficiently informed as to some of the allegations that are set out in the complaint, and therefore demand strict proof thereof.

They deny that they have put upon the market in bottles any product resembling in taste and appearance the plaintiff's bottled "Coca-Cola," but allege the truth to be that the article they have put on the market is the genuine, identical article and product known as "Coca-Cola." They admit that they have applied to the crowns of the bottles containing such product, and upon labels attached thereto, the name "Coca-Cola," but deny that it was done without authority. They allege that they purchased said product for the identical purpose to which they have applied the same, from individuals and corporations who were the lawful owners thereof, and authorized to sell the same to these defendants for the purpose of retailing the same, bottled and carbonated as "Coca-Cola," and therefore they deny that the result of this use by them has been to deceive the public into the belief, contrary to the fact, that the product of the defendants is the product guaranteed by plaintiff to be properly made of proper materials, and made, carbonated, and bottled under the plaintiff's authority and supervision. They then plead that the plaintiff, by adopting a system of exclusive contracts, has undertaken to divide the country, and especially the territory in which the defendants are operating, into districts, whereby they have agreed to sell to such persons and corporations alone, and exclusively thus contracted, which was done for the purpose of establishing and maintaining a monopoly in the sale of said product, and preventing and destroying competition in the sale thereof, among the different purchasers, and have refused and still refuse to sell and furnish such product or commodity to the defendants upon the same terms and conditions and at the same price as they are furnishing and selling this commodity to other purchasers thereof, all of which it is charged is for the purpose and object of lessening the competition and creating a monopoly in the sale of said syrup, in violation of the laws of the United States.

The cause was submitted upon an agreed statement of facts. From this it appears: That the plaintiff is the owner of the trademark "Coca-Cola," and it has been used by it and its predecessor in title since May, 1886. That it was duly registered as a trademark in the United States Patent Office, in conformity with the laws of the United States, as set out in the complaint. That it

has advertised the same throughout the United States and in foreign countries; and that over \$10,000,000 have been expended by the plaintiff in advertising it. That it is made up for the public in two forms, as alleged in the complaint. That the following differences, among others, are made between the syrup "Coca-Cola" manufactured to be used at fountains and that to be sold in bottles: In 1,250 gallons of the finished product the bottler's syrup contains 1,000 pounds more sugar than the other. It has 10 per cent. more coloring matter, to wit, caramel. It contains more phosphoric acid, and some percentage less of caffeine, than does the syrup made to be used at soda fountains. The fountain syrup contains 28 pounds of caffeine to 1,250 pounds of the finished product, while that used in the bottler's syrup contains only 25 pounds of caffeine to 1,250 pounds. That the plaintiff in its sales system has two methods by which the product is sold:

First. The system by which the syrup manufactured for fountain sale is sold to jobbers and dispensers, to be sold from the soda fountain; the jobbers selling it to the dispensers under a contract that the plaintiff will supply it only in the original package, that the jobber is not to sell or offer for sale as "Coca-Cola," any imitation of or substitute therefor, and upon compliance with the terms of the contract plaintiff will allow certain rebates to the jobber, depending upon the quantity bought, provided that the sales have been to dispensers only, and none to bottlers, or for the purpose of carbonating in bottles. The dispensers' contract, which he is required to sign, obligates him that, when "Coca-Cola" is asked for, he will only supply "Coca-Cola" as manufactured and furnished by the plaintiff, not to sell or offer for sale as "Coca-Cola" any imitation of or substitute therefor, and if he complies with these terms he is to receive a rebate, depending upon the quantity bought by him. The plaintiff does not enter into a dispenser's contract directly, but only through the jobber. The fountain syrup is never sold for the purpose of bottling, and is not made or intended for the purpose of having the same bottled.

Second. The syrup made for bottling purposes is sold to two corporations—one "The Coca-Cola Bottling Company," and the other "Coca-Cola Bottling Company." This sale is made under and by virtue of contracts entered into between the

plaintiff and the bottling companies. There was an original contract, which was later amended. The original contract was made on the 21st day of July, 1899, and by this contract the bottling company obligated itself to establish in the city of Atlanta, Ga., a bottling plant for the purpose of bottling this syrup, with carbonic acid and water, and to prepare and put up in bottles, or other receptacles, a carbonated drink containing a mixture of "Coca-Cola," syrup, and water charged with carbonic acid gas under a pressure of more than one atmosphere; the syrup to be in proportions of not less than one ounce to eight ounces of water. It also obligates itself to keep on hand a sufficient quantity to supply the demand in all the territory embraced in the agreement; that it is to buy all the "Coca-Cola" syrup from the plaintiff, upon the terms set forth, and it is not to buy any substitute therefor, or other syrup or substances, nor attempt to use or imitate in any article prepared by them "Coca-Cola" syrup. The plaintiff is also to furnish all necessary labels and advertising matter at its own cost. The right to use the name "Coca-Cola" and all the trade-marks and designs for labels then owned and controlled by the plaintiff, and the right to vend such preparation, or mixture, bottled or put up in bottles, in the United States, except the six New England states and the states of Mississippi and Texas, is granted to them exclusively; but the right to use the name, trade-mark, and labels is to apply only to the carbonated mixture described, and is not to apply to the soda fountain business.

This contract was later amended by requiring the bottling company to buy all of the "Coca-Cola" syrup necessary to comply with the agreement directly from the plaintiff; not to sell, or in any way dispose, without the written consent of the plaintiff, of any "Coca-Cola," except after it is carbonated and bottled. The labels and advertising matter furnished by the plaintiff are to be paid for by the bottling company at what the actual cost and freight expense may be. By another amendment made to these contracts on April 24, 1915, the provision whereby the bottling company was to purchase the syrup directly from the plaintiff was amended by eliminating the condition that the bottling company is to buy all the "Coca-Cola" necessary from the plaintiff. It also eliminates from the former contracts those provisions by

which the bottling company obligated itself not to use any substitute, or substitutes, or to attempt to use or imitate "Coca-Cola" syrup, and in lieu thereof the bottling company agreed not to manufacture, deal in, sell, offer for sale, use, or handle, nor attempt to do so, either directly or indirectly, any product that is a substitute for or imitation of "Coca-Cola." By another provision in this last amendment to the former contracts the plaintiff selects the bottling company as its sole exclusive customer and licensee, for the purpose of bottling "Coca-Cola" in the territory heretofore acquired by it, and it agrees not to sell its fountain syrup to any one, when it knows that such syrup is to be used for bottling purposes; that under these contracts the bottling companies are not permitted to bottle the syrup manufactured for fountain purposes; that the two bottling companies have, with the approval of the plaintiff, given the right to certain local companies, which are established in different localities, for the purpose of bottling the bottling syrup of the plaintiff; that such a contract was made with the Little Rock Coca-Cola Bottling Company, for certain territory, which includes the town of Russellville and county of Pope, where the defendants are carrying on the business sought to be enjoined by this proceeding.

It is further stipulated that the plaintiff sets the standard by which its product is to be bottled, and by a system of inspection and supervision inspects and supervises the bottling of its product, wheresoever made; that it requires that its bottled product shall be bottled, using certain proportions, that the plants must be kept clean, and the cases and bottles sent out in a sanitary and presentable manner, a close supervision being kept over the character of the goods sent out; that a minute inspection is maintained in regard to the character, purity, and wholesomeness of the bottled "Coca-Cola." The bottling companies have no connection in any way, shape, or manner with the sale of the fountain product. This supervision and inspection extends to all plants that bottle "Coca-Cola," no matter where situated. The difference between these two products arose from the fact that it developed, in the process of bottling, that the product, when bottled, stood for a longer time after its carbonation than did the syrup used at the fountains, and therefore, in order to provide for this

contingency, a difference had to be made in the bottled product, and further that the character of the trade was best supplied by making a specific syrup for the particular purpose of bottling; that the syrup is not consumed by the public, only after being mixed with the proper proportions of water; that the system of supervision and inspection exercised by the plaintiff and the parent bottling companies consists of the following:

In order to see that the product is bottled in a certain manner, and that the business is properly conducted, a system of supervisions has been organized by the plaintiff, known as the "Inspection Department." This inspection department has a competent man at the head, whose duty it is to divide up the territories in such a manner that they can be covered advantageously by the inspectors. Five inspectors in this department operate in the Southern States. The head inspector routes these different inspectors and follows them up. A report is required from these inspectors from each different plant visited. Samples of the product are taken from the plant, which product is tested in the plant, to see whether or not the product conforms to the standard established; these inspectors being trained men. The inspectors are equipped with gas test gauges and hydrometers and other instruments to enable them to determine whether or not the product is being put up according to instructions. They carry other gauges and other things to test each machine used by the bottling plant, to determine whether or not the machines are throwing the proper amount of syrup into each particular bottle. Samples are taken of the product, both before and after the process of carbonation. These samples are forwarded to the head inspector at Atlanta, where they are chemically examined and if any difference appears they must immediately make the changes necessary to bring them to the standard prescribed by the plaintiff. If necessary, the chemical expert and a member of the advisory board are sent to make personal investigations of the plant.

The water used in the carbonating is chemically tested, and the sanitary condition of the plant is investigated, the latter being one of the main questions considered at all times. The question of carbonation in making the bottled product is given strict attention by the inspectors and chemical experts; proper carbonation

depending upon the machinery, the kind of water, and the temperature of the water used. As warm water cannot be carbonated, the bottling plants are required to install cooling plants to get the proper carbonation. The proper amount of carbonic acid gas, not only gives the product life, but helps to preserve it against deterioration, and thereby preserves the standard of the product. This supervision and inspection is carried on in each and every bottling plant.

It is further stipulated that the defendants have not been given a contract, nor express permission, directly or indirectly, to bottle either product of the Coca-Cola Company, nor use the trade-mark "Coca-Cola." Notwithstanding this fact, the defendants are engaged in the manufacture and bottling of beverages, and are bottling and putting upon the market a product, a bottle of which is filed as evidence. The syrup used in making up this product by the defendants is the fountain syrup manufactured by the Coca-Cola Company, and which they obtain in the course of trade from jobbers or retailers who have purchased the fountain product of the Coca-Cola Company, and they bottle it without permission or authority from the plaintiff, and apply the trade-mark "Coca-Cola" thereto, by using the tops and labels of the plaintiff on the product, without authority from any one authorized to give it. These purchases are made from parties who are the lawful owners thereof, and who sell the same to the defendants in the due course of trade. The plaintiff, as well as the bottling companies, have refused to sell to the defendants the syrup for the purpose of bottling, although the defendants offered to purchase and pay therefor, and objected to their using the trade-mark "Coca-Cola" in connection with their bottled product, or to do anything to the plaintiff's syrup for the purpose of reselling or using the same.

Moore, Smith, Moore & Trieber, of Little Rock, Ark. (*Reed & Rogers*, of Chicago, Ill., and *Candler, Thomson & Hirsch*, of Atlanta, Ga., of counsel), for plaintiff.

Mehaffy, Reid & Mehaffy, of Little Rock, Ark., for defendants.

TRIEBER, District Judge (after stating the facts as above):—It is not disputed by the defendants that the plaintiff is the lawful owner of the trade-mark, "Coca-Cola," that it is an asset of great

value, and that the defendants are bottling, offering for sale, and selling a bottled preparation, under the name of "Coca-Cola," using the tops and labels prepared by the plaintiff for the preparation bottled under its supervision, and furnished by it to those who are engaged in bottling it, under its authority or license, and that these tops and labels indicate to the public that it is the plaintiff's preparation, made under its supervision and guaranteed by it. Although counsel have argued many important questions, there are only two issues, which under the allegations in the bill, answer, and agreed statement of facts are necessary for the determination of this case:

(1) That the preparation bottled by the defendants is made of syrup made and sold by the plaintiff, and that it was purchased by the defendants for the identical purpose to which they have applied the same, and from parties who were the lawful owners thereof by purchase from the plaintiff, but not from the plaintiff, nor from its authorized vendees.

(2) That by its manner of doing business, as is fully set out in the agreed statement of facts, the plaintiff seeks to establish an unreasonable monopoly in restraint of trade, and therefore in violation of the Act of Congress of July 2, 1890, c. 647, 26 Stat. 209, known as the "Sherman Act," and the amendments thereto, and the Act of October 15, 1914, c. 323, 38 Stat. 730, and known as the "Clayton Act."

In determining the issues in this case it is important to keep in mind the well-established principle of law that the protection given by law to trade-marks has a twofold object: To protect the owner in his property, and to protect the public from being deceived by reason of a misleading claim that the article bearing the trade-mark is the article manufactured by the owner of the trade-mark, when in fact it is not, but a substitute. The use of any simulation of a trade-mark, which is likely to induce common purchasers, exercising ordinary care, to buy the article to which the trade-mark is affixed, thereby indicating that it is the product of the owner of the trade-mark; is unlawful and will be enjoined. (*McLean v. Fleming*, 96 U. S. 245, 251, 24 L. Ed. 828; *Kann v. Diamond Steel Co.*, 89 Fed. Rep. 706, 711, 32 C. C. A. 324, 329; *Layton Pure*

Food Co. v. Church & Dwight Co., 182 Fed. Rep., 24, 34, 104 C. C. A. 464, 474.)

As the plaintiff, according to the allegations in the complaint and the agreed statement of facts, in addition to selling its product, guarantees it to be wholesome, palatable, and uniform, as well as its cleanliness and excellence of manufacture, carbonating, and bottling, and for that purpose maintains a very elaborate system of supervision, it would not only be an imposition on the public, who purchase the bottled preparation, but may cause great damage to the plaintiff, if permitted.

If a person buying the bottled preparation, which has all the indicia of having been put up under the plaintiff's supervision and guaranty, the tops and labels on the bottles giving assurance of that fact, should sustain an injury by reason of the fact that it was improperly prepared, was unclean, contained unwholesome ingredients, had insufficient carbonic acid gas for its preservation, and by reason thereof is unfit as a beverage, or for any other cause, due to the negligence of plaintiff's licensed bottler, is injured, the plaintiff may be liable to heavy damages. Having assumed this guaranty of its bottlers, the plaintiff not only has the right, but it is its duty, to take such steps as are necessary, by a proper system of inspection, to guard the public, as well as itself, against this danger. The well-recognized rule of law is that the manufacturer of any article of food, drink, or drug intended for consumption, or of any dangerous articles, may be liable to the ultimate purchaser and consumer for negligence causing an injury, although there is no direct contractual relation between them, such an action resting on tort, and not on contract. (*Waters-Pierce Oil Co. v. Deselms*, 212 U. S. 159, 29 Sup. Ct. 270, 53 L. Ed. 453; *Standard Oil Co. v. Murray*, 119 Fed. Rep. 572, 57 C. C. A. 1; *Huset v. J. I. Case Threshing Machine Co.*, 120 Fed. Rep. 865, 57 C. C. A. 237, 240, 61 L. R. A. 303; *Riggs v. Standard Oil Co.* [C. C.] 130 Fed. Rep. 199; *Keep v. National Tube Co.* [C. C.] 154 Fed. Rep. 121; *Ketterer v. Armour* [D. C.] 200 Fed. Rep. 322; *Mazetti v. Armour*, 75 Wash. 622, 135 Pac. 633, 48 L. R. A. [N. S.] 213, Ann. Cas. 1915 C, 140; *Thomas v. Winchester*, 6 N. Y. 397, 57 Am. Dec. 455; *Staller v. Mfg. Co.*, 195 N. Y. 478, 88 N. E. 1063; *Wellington v. Oil Co.*, 104 Mass. 64; *Roberts v. Brewing Co.*, 211

Mass. 449, 98 N. E. 99; *Norton v. Sewall*, 106 Mass. 143, 8 Am. Rep. 298; *Bishop v. Weber*, 139 Mass. 411, 1 N. E. 154, 52 Am. Rep. 715; *Peters v. Johnson*, 50 W. Va. 644, 41 S. E. 190, 57 L. R. A. 428, 88 Am. St. Rep. 909; *Peterson v. Standard Oil Co.*, 55 Or. 511, 106 Pac. 337, Ann. Cas. 1912A, 625; *Tomlinson v. Armour & Co.*, 75 N. J. Law, 748, 70 Atl. 214, 19 L. R. A. [N. S.] 923; *Dixon v. Bell*, 5 Maul. & Sel. 198.)

The fact that the syrup used by the defendants is that manufactured by the plaintiff, assuming that it had been made for bottling purposes, is immaterial, for the syrup, although the principal ingredient of the finished product, in only one of several used for the preparation, when offered to the consumer. To maintain the reputation, and consequently the favor of the consuming public, it is important to the manufacturer of the preparation bearing its trade-mark that it should be wholesome, palatable, clean, and free from all impure and dangerous substances, regardless of the fact whether it was bottled by itself and sold by it directly to the consumer, or through its licensees. In this case the bill charges, and the agreed statement of facts admits, that the plaintiff manufactures two different syrups, one for bottling and the other for fountain trade; that the syrup for bottling purposes differs in several material respects from that intended for the fountain trade; that the bottler's syrup contains more sugar, has 10 per cent. more caramel for coloring purposes, contains more phosphoric acid, and less caffeine than the fountain syrup; and these two syrups are put up and sold in distinctive packages.

The authorities are numerous that, when a manufacturer of only one article of food and drink sells it in bulk, and also puts it up in bottles, the latter bearing a distinctive trade-mark, a purchaser of the article in bulk will be guilty of unfair competition, and enjoined, if bottling it and affixing the manufacturer's distinctive labels upon the goods bottled by him. (*Krauss v. Peebles Co.* [C. C.] 58 Fed. Rep. 585, 592; *People v. Luhrs*, 195 N. Y. 377, 89 N. E. 171, 25 L. R. A. [N. S.] 473; *Hennessy v. White*, Cox, Manual Trade-Mark Cases, 377; *Browne on Trade-Marks*, §§ 910, 759, and authorities there cited.) One of the reasons given for this rule is that, "unless the manufacturer can control the bottling, he cannot guarantee that it is the genuine article prepared by him."

To this may be added that he cannot tell whether it is bottled in so careful a manner as is essential to the preservation of the article and the maintenance of its good reputation. This rule, of course, applies with much greater force when there are two varieties manufactured by the same party and sold under the same trade-mark, but intended to be placed on the market for different purposes, as is the case in the instant cause. (*Russia Cement Co. v. Katzenstein* [C. C.] 109 Fed. Rep. 314; *Cook & Bernheimer v. Ross* [C. C.] 73 Fed. Rep. 203; *Thomas G. Plant Co. v. May Mercantile Co.* [C. C.] 153 Fed. Rep. 229; *McIlhenny v. Hathaway* [D. C.] 195 Fed. Rep. 652 [2 T. M. Rep. 284]; *Gillott v. Kettle*, 3 Duer [N. Y.] 624; *Spalding v. Gamage*, 32 R. P. C. 273; Sebastian on Trade-Marks, page 159; Hopkins on Trade-Marks, page 275). A case almost identical with the facts in this case is *Charles E. Hires Co. v. Xepapas* ([C. C.] 80 Fed. Rep. 952.)

In *Powell v. Birmingham* ([Yorkshire Relish Case] 14 R. P. C. 730), it was testified that the difference between the two articles under consideration was only a pinch of salt, and the court held that, even in the case of such a small difference, the defendant had not proven the identity of their product with the plaintiff's. Of what benefit would a trade-mark be, if one buying the article protected by it were permitted to adulterate it, or given an opportunity to do so, and then offer it to the public as the genuine article, protected by the trade-mark? The greatest value of a trade-mark is the reputation established by the excellence of the article, and the knowledge and appreciation of that fact by the consuming public. An article without any merit can derive no benefit from a trade-mark, and only a temporary benefit from the most extensive advertisement. It is like the value of a "good will" in an established going concern. It depends upon the successful operation of the business. Without that there is no value to it. Who would pay for the good will of a business conducted at a loss? The court is clearly of the opinion that, upon the facts in this case, the defendants are guilty of unfair competition.

Do the facts show a violation of the Sherman Act against monopolies and stifling competition? The trade-mark laws, like the patent laws, give the owner a monopoly which neither the Sherman Act nor any other act of Congress forbids. It would be

a paradox to say that the exercise of a right, expressly granted by law, is unlawful.

Counsel for defendants rely on *Dr. Miles Medical Co. v. Park & Sons Co.* (220 U. S. 373, 31 Sup. Ct. 376, 55 L. Ed. 502), and *Coca-Cola Co. v. Bennett* ([D. C.] 225 Fed. Rep. 429 [5 T. M. Rep. 486]). What was decided in the *Dr. Miles Medical Company Case* was that the manufacturer of an unpatented proprietary medicine cannot, after an absolute sale of the article, fix the prices for future sales. The court, in its opinion in that case, holds that the restraint of trade must be determined by the particular circumstances of the case, and the nature of the principles which are involved in it, and whether it is reasonable or unreasonable. In *Coca-Cola Co. v. Bennett*, there was no question of unfair competition claimed by the plaintiff, which is the cause of complaint in this case. Nor was there any claim in that case that the plaintiff guaranteed the purity, cleanliness, wholesomeness, and quality, by using its distinctive tops and labels on its bottles, and that, for the purpose of protecting itself against claims for damages on that guaranty, it maintains a system of supervision and inspection, as set out in the agreed statement of facts herein. Nor did it appear in that case that the defendants used for bottling the syrup intended for soda fountains, and which was not suitable for that purpose. The court also found that the defendants made the preparation in the identical manner contemplated by the parties. That case is therefore not applicable. In view of the responsibilities of the plaintiff and the right of the purchasers to obtain the identical article, which they desire to buy, the requirements of the plaintiff are reasonable, and in the end beneficial to the public.

Are plaintiff's acts in violation of the "Clayton Act"? That act provides (section 3):

"That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale or contract for sale of goods, wares, merchandise, machinery, supplies or other commodities, whether patented or unpatented, for use, consumption or resale within the United States or any territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies or other commodities of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce."

This act is invoked by the counsel for the defendants, in view of the agreed statement of facts that:

"The plaintiff, as well as the bottling companies, through whom its syrup is sold to the retail dealer, have refused to sell to the defendants the syrup for the purpose of bottling, although the defendants offered to purchase and pay therefor, and objected to their use of the trade-mark 'Coca-Cola,' in connection with their bottled product."

Whether that act is to be construed so as to compel one to sell his wares or manufactures to any one applying therefor cannot be determined in this case, as this is not an action to obtain relief of that nature, and is therefore not involved. Any one interested in that question may consult *Union Pacific Coal Co. v. United States* (173 Fed. Rep. 737, 97 C. C. A. 578), and *Great Atlantic & Pacific Tea Co. v. Cream of Wheat Co.* ([D. C.] 224 Fed. Rep. 566 [5 T. M. Rep. 339], affirmed. 227 Fed. Rep. 46,—C. C. A.—[5 T. M. Rep. 469]).

The issue in this case, as has been hereinbefore set forth, is whether one purchasing one of the ingredients of a preparation, although it be the chief one, can use it, without permission of the manufacturer, in such a manner that it may injuriously affect the manufacturer, the intending purchaser having the means to adulterate it, and by the use of the trade-mark and name of the manufacturer sell it to the public as the genuine article. It would, although not impossible, certainly be a great hardship on the plaintiff, if it were required to permit its preparation to be bottled in every community throughout the United States, no matter how small the purchases for that community may be, and maintain such supervision over the bottling as under its system it maintains and deems necessary. By confining its sales to bottling companies doing business in cities so centrally located as to be able to supply the demand for its syrup, and at the same time enable it to supervise the bottling under its system, it does all which can be reasonably expected of it, and the law demands. The plaintiff, like all other manufacturers and dealers, is no doubt anxious to extend its trade as much as possible, and self-interest, if nothing else, will induce it to permit its preparation to be bottled in as many places as the trade, and its own interests, will justify.

The court is of the opinion that the defendants are guilty of unfair competition, and that the business of the plaintiff, as conducted, is not in violation of any of the "anti-trust acts" of the United States. A decree granting a permanent injunction in conformity with the prayer of the bill may be prepared and submitted to the court for approval.

VAN ZILE V. NORUB MFG. CO.

(228 Fed. Rep. 829)

United States District Court

Eastern District of New York, January 18, 1916

UNFAIR COMPETITION—INFRINGEMENT—SIMILARITY OF GOODS

The owner of a trade-mark for two laundry articles may enjoin the use of a like mark upon a germicide used in sweeping.

In Equity. Decree for plaintiff.

Wetmore & Jenner, of New York City (*Oscar W. Jeffery*, of New York City, of counsel), for plaintiffs.

Otto Munk, of New York City, for defendant.

CHATFIELD, District Judge:—This cause of action is based upon the alleged infringement of a registered trade-mark and also an allegation of unfair competition. The defendant uses the word "Nodust" with the word "Lee's" inclosed in a shield and bearing the word "trade-mark" (although this is not a registered trade-mark) as part of the design and reading matter, on a cylindrical shaped can, containing a green powder to be used as a germicide and cleanser in sweeping.

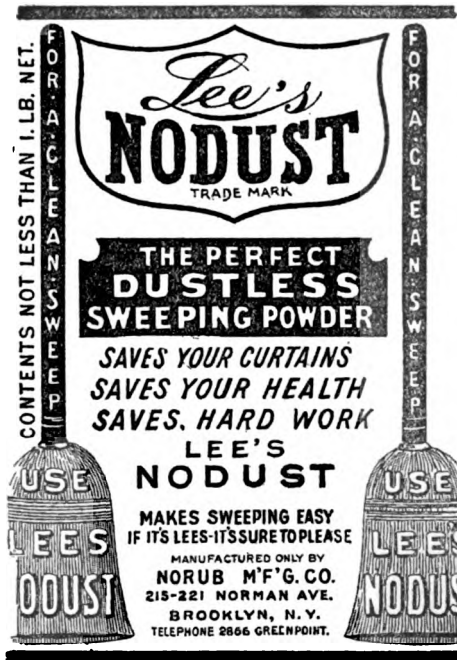
The plaintiffs' articles as marketed at present consist of pasteboard boxes bearing the registered trade-mark of a shield inclosing the words:

"Guarantees
"VAN'S
"Satisfaction."

The boxes containing an aid in the washing of clothes, bear the word "Norub," while those containing an article to assist in the starching of clothes to be ironed, bear the word "Addit."

The plaintiffs limit their charge of unfair competition to the use of the shield alone, and it is evident that a word of the "No-

dust" or "Norub" formation, aside from the fact that such words may be used by the public generally (*Van Zile v. Norub Mfg. Co.* [1910] no written opinion) could not be registered, as a trade-mark, when merely descriptive and not constituting a fanciful title. (*John T. Dyer Quarry Co. v. Schuylkill Stone Co.* [C. C.] 185 Fed. Rep. 557 [1 T. M. Rep. 63]; *Florence Mfg. Co. v. J. C. Dowd & Co.*, 178 Fed. Rep. 73, 101 C. C. A. 565; *Rice-Stix Dry Goods Co. v. J. A. Scriven Co.*, 165 Fed. Rep. 639, 91 C. C. A. 475.)



The defendant includes the word "Nodust" within the shield. The general display of the defendant's shield and the words enclosed make the "Nodust" prominent, rather than the "Lee's," while in the plaintiffs' articles the word "Norub" is outside of the shield and the trade-mark is confined to the manufacturer's name. Upon the present form of defendant's product the shield is with difficulty distinguished from the general lines or rulings

upon the design of the can itself, and it is impossible for the court to hold that the defendant's package, as now placed upon the market, is of itself likely to mislead the public, or that it is an infringement of the registered trade-mark in which the name of the plaintiffs, surrounded by a shield, is featured.

The plaintiffs' trade-mark was registered in the class of laundry starching and chemical laundry washing compounds, while the defendant's word "Nodust," in the shield, is used as a label upon a green powder for sweeping.

It would seem that a registered trade-mark (in the class of laundry starching and chemical laundry washing compounds) could not be properly used as the trade label of a package containing a germicide sweeping powder; yet the court feels that the choice of such words as "Nodust" and "Norub" limits the individuals placing such products upon the market to a very narrow field. (*Florence Mfg. Co. v. J. C. Dowd & Co.*, supra.)

Similarity in the words and the general suggestion that such articles are for kitchen or household work make it evident that any one who places such a product upon the market is attempting to sell it for related or analogous purposes and to satisfy the same trade which would purchase other products of the sort. The court thinks, therefore, that general property rights in a line of articles for household use, identified by a shield (and for a part of which the shield has been registered as a trade-mark), does furnish sufficient basis for a decree that, within the same field, no other person should use, as a distinctive feature, any similar device.

The shields in this case are similar. The very fact that the "Nodust" is put inside of the shield, whereas in the plaintiffs' article the word "Norub" is outside of the shield, indicates a purpose on the part of the defendant to have the shield bear some relation to the title placed upon the article.

The case, even though it does not seem to involve infringement of the registered trade-mark, shows sufficient possible and probable injury to direct the defendant not to use a shield of the same design as that of the plaintiff. The possibility of extending the use of the device by the defendant to other articles of the same general class, or the possibility of the use by the plaintiff of the registered trade-mark upon other articles, that would be recognized

by the trade as being sold to the same general class of customers, would seem to make it proper for a court of equity to grant relief to the extent of directing the defendant to avoid what comes within the realm of unfair competition, in associating the title of his product with the distinctive device of a shield.

While there can be no decree based upon the registered trade-mark itself, there should be a decree directing the defendant not to associate a shield of this particular shape with his name and the title of the article, as that seems to involve unfair competition.

FRED GRETSCH MANUFACTURING COMPANY v. MICHAEL E.
SCHOENING and DUDLEY FIELD MALONE, the latter
Collector of the Port of New York
(New York Law Journal, March 31, 1916)

*United States District Court
Southern District of New York, March 30, 1916*

1. TRADE-MARKS—TITLE.

A domestic dealer who has an exclusive sales contract with a foreign manufacturer, is entitled to register in the United States patent office in his own name the trade-mark placed on the goods by the manufacturer; but he cannot prevent the importation into this country of genuine goods bearing the manufacturer's mark.

2. TRADE-MARKS—INFRINGEMENT—WHAT CONSTITUTES.

The test of infringement is not, whether the business of the trade-mark owner is injured, but whether the public is likely to be deceived.

On motion for preliminary injunction. Granted, pending an appeal.

Mueller, of Saxony, has for many years (certainly over twenty) manufactured in Germany a kind of violin string, to which he has applied the trade name "Eternelle." It long ago became and still is well and favorably known by that name.

In 1896 the defendant Schoening became Mueller's exclusive agent in the United States for the space of ten years. That agency is in writing, and by various extensions is still in force.

In 1908 Schoening registered in the Patent Office, as a trade-mark "for strings for musical instruments," the word "Eternelle."

In his petition or declaration Schoening stated that he believed himself "to be the owner of the trade-mark sought to be registered * * * and that the trade-mark (had) been in actual use as a

trade-mark of the applicant and applicant's predecessors, from whom title was derived, for ten years next preceding the passage of the Act of February 20, 1905."

As a matter of fact, Schoening's use of the trade-mark is solely upon goods made by Mueller and sent to Schoening for sale, or sold direct to others by Mueller upon Schoening's order. The latter does not make any violin strings and never has done so. His object in registering the trade-mark was to protect himself in his business of selling Mueller's "Eternelle" strings.

After the granting of this trade-mark registration, Schoening, pursuant to section 27 of the Trade-Mark Act above referred to, served notice through the Secretary of the Treasury upon divers collectors of customs (including that official at the Port of New York) of the fact of such registration, and demanded in substance that violin strings marked "Eternelle" should not be admitted into the United States.

Plaintiff is a dealer in musical instruments, and was once a customer of Schoening's. Of late years, however, Schoening has refused to serve him. He asserts that having bought of one Gumpert of Berlin certain genuine Mueller "Eternelle" strings, he caused the same to be sent to this country. On arrival in New York they were refused entry on account of Schoening's trade-mark, and the notice served on the Collector of Customs at New York regarding same.

This action is brought for the purpose of compelling Schoening to withdraw the notice or protest against importation heretofore filed, and to compel the collector of this port to pass said violin strings if they are found to be otherwise entitled to entry.

The motion for preliminary injunction is for exactly the same relief as is prayed for in the bill.

Isaac B. Owens for plaintiff.

Allan D. Kenyon for defendant Schoening.

John E. Walker, Assistant United States Attorney, for the Collector of Customs.

HOUGH, D. J.:—The first question raised by this motion is whether Schoening's registration of Mueller's well known trade-mark was valid, i. e., within the permission of the Act of 1905.

So far as authority goes I do not think it can be said that the point is settled. The defendant cites *MacMahan, &c., Co. v. Denver, &c., Co.* (113 Fed. Rep. 468), *Gorham Co. v. Weintraub* (196 Fed. Rep. 957 [2 T. M. Rep. 221]), *Bissell Plough Works v. Bissell Plough Co.* (123 Fed. Rep. 357), *Tennant v. Dunlop* (33 S. E., [Va.], 620), *Yale v. Yale* (30 C. G., 1183), *Godilloc v. Am. Grocery Co.* (71 Fed. Rep. 873), *Hughes v. Alfred H. Smith Co.* (205 Fed. Rep. 302 [3. T M. Rep. 375]), which in my judgment appear to establish no more than the well known propositions that a trade-mark must be appurtenant to a business; that there is no such thing as a trade-mark in gross, and that it is no objection to the existence or registration of a valid trade-mark that the business protected by such mark and connected therewith consists in dealing in imported articles, or in articles neither manufactured nor designed by the trade-mark registrant and owner. But upon the reason of the matter I perceive no objection to Schoening's registering Mueller's trade-mark as long as Mueller gave to him a monopoly of his (Mueller's) business in America.

The very object of the contract between Schoening and Mueller was to carve out of Mueller's business a portion thereof and confer it upon Schoening, and it seems to me to necessarily follow from that business arrangement between these two men that when Schoening had the business he had the right to protect it pursuant to the Act of 1905.

It is therefore held that Schoening is and for several years has been the lawful owner of the trade-mark "Eternelle" as applied to violin strings.

It is still, however, the orthodox view of trade-marks to hold that they are designed for the protection of the public and not primarily for the benefit of the proprietor. This view has always seemed to me a curious inversion or perversion of business facts known to every observing man, but it has affected the whole line of cases relating to trade-mark protection. The test of infringement is not whether the business of the trade-mark owner is injured, but whether the public (i. e., that public which buys the thing in question) is likely to be deceived by the alleged simulation of trade name or mark. Frequently these two things are equal to the same thing, and therefore equal to each other. Yet every observer

knows instances in which it cannot be shown that the public is deceived, yet it is obvious that the trade-mark proprietor's business is greatly injured.

Therefore I assume that the object of the Act of 1905 and all decisions made thereunder is not primarily to protect the proprietor of a trade-mark (however just and lawful may be his proprietorship), but only to protect him from such infringements as may deceive the public. It is now settled (*Thaddeus Davids Co. v. Davids*, 233 U. S., at 471 [4 T. M. Rep. at page 182]) that under the present act it is not necessary to establish any wrongful intent on the part of a defendant accused of trade-mark infringement.

"Having duly registered under the act the plaintiff would be entitled to protection against *any infringing use*," but what is an infringing use must be determined as heretofore.

In this case there is no moral doubt that plaintiff seeks to bring into the United States genuine "Eternelle" strings made by Mueller, although there is considerable doubt whether he has established this fact.

I incline to think that in strictness of law there is no denial of the allegation of the moving papers that the mark upon the goods now in the custom house is that shown on Exhibit B1 (part of the moving papers), and also that it is not denied that Schoening's trade-mark is shown on Exhibit B (also a part of the moving papers), and that from these exhibits, without any reference to the bill said to have been obtained by Gumpert from Mueller, the court is entitled to hold that the trade wrapper of B1 is Mueller's, and the contents thereof presumably genuine. That the trade-marks are the same mere casual inspection shows.

Therefore the final question presented becomes this: Has the Act of 1905, by its section 27, modified the law (in respect of trade-marked articles) as laid down in (among other cases) *Apollinaris Co. v. Sherer* (27 Fed. Rep. 18) and *Russia Cement Co. v. Frauenhar* (133 Fed. Rep., 518)?

If it were not for this section of the statute it could not be doubted that Schoening's exclusive selling agency could not prevent the plaintiff from doing what it now seeks to do. Nor could Mueller, by any form of agreement with an American resident, effect such prohibition.

Section 27 seems to me to contain these words operative in the present case:

"No article of imported merchandise * * * which shall copy or simulate a trade-mark registered in accordance with the provisions of this act * * * shall be admitted to entry at any custom house of the United States."

How can it be said that Mueller's genuine trade-mark on his genuine goods, as used by him long before any registration by Schoening, either copies or simulates that which Schoening has recorded? Plainly there is no copying or simulation unless it is to be held that the introduction of genuine goods into the United States as against a registration of the trade-mark on those goods by an agent of the only manufacturer is now to be called either copying or simulation. This, I think, cannot logically be done.

To put the matter another way, I incline to the opinion that the only effect of section 27 is to give to a lawful trade-mark proprietor a new remedy against those things which infringe his trade-mark, i. e., counterfeits, copies or colorable evasions, but that the act does not change the law in respect to genuine goods, as to which the doctrine of the *Apollinaris* case still applies.

It must follow from the foregoing that since plaintiff has no other remedy, and the question is one arising under a law of the United States, the plaintiff is entitled to have from this court a mandatory injunction requiring Schoening to cancel and retract as to the genuine goods of Mueller his notice to the Treasury Department.

It cannot, however, be said that the question is free from legal doubt, though I have no doubt whatever as to the facts. I have also considerable doubt as to the plaintiff's moral position in a business sense. He is trying as best he can to "beat" and evade a fair and lawful agreement between Mueller and Schoening.

It appears to me finally that the question is one that ought to be settled by controlling authority, and that promptly. I shall therefore award an injunction as prayed for, but suspend its operation provided that the defendant takes an appeal within ten days from the entry of the order granting injunction. If such appeal is not taken the injunction will become operative.

[NOTE:—An appeal has been taken from this decision and the opinion of the higher court should be awaited with much interest, since this is probably the first time that this question has been raised in the courts of this country.]

Several questions naturally present themselves in connection with this unique litigation. The court distinctly holds that the agent owned the mark in this country and was entitled to register it in the United States patent office in his own name, but that in spite of this registration he could not prevent the importation into this country of genuine goods bearing the manufacturer's trade-mark. It is clear enough that if the agent owns the mark in this country, he is entitled to register it in his own name, but having been allowed to register it in that manner must he not be accorded the protection of the law in preventing the importation by others of goods which bear his mark?

On the other hand, if the agent is not the owner of the mark in this country, he is not, under the statute, entitled to the registration. And how can he be the owner of the mark by virtue of a mere contract, whereby he controls the importation during a term of years, of goods bearing the trade-mark of another?

Moreover, the question arises, what would be the status of the registration standing in the name of the agent if, at some future date, the contract for exclusive handling of the goods should be terminated by lapse of time or otherwise, and a new agent appointed? The registration can hardly be a provisional one, dependent upon the existence and continuance of the contract. And yet, if the new agent could not obtain a cancellation of the registration, by a showing of his interest in the mark, and procure a registration in his own name, how could he make himself immune from interference by his predecessor, and why should he be treated with less consideration than the latter? It would seem that this decision, if sustained, will go far to increase the uncertainty which already surrounds rights of property in trade-marks.

HOWARD V. LOVETT, et al.

Michigan Circuit Court
Wayne County, February 24, 1916

UNFAIR COMPETITION—SIMULATION OF TRADE-MARK.

The proprietor of a particular vaudeville act which has been identified for five years by the use of the name "Mercedes," may restrain the use of that name in connection with another similar vaudeville act, even though the leading actress therein whose name is "Mercedes" was formerly connected with the original act and gave it the name.

In Equity. On final hearing. Decree for plaintiff.

George W. Bates and Leo M. Butzel, of Detroit, for complainant.
Angell-Bodman & Turner, of Detroit, for defendants.

PERKINS, WILLIS B., Circuit Judge:—The plaintiff claims that he is entitled to the exclusive use of the word "Mercedes" in connection with the production of a certain vaudeville play which he claims he has been producing for the last five years and upwards; that he originated the word "Mercedes" in connection with this act, and applied it to the act and has continued to apply it to the act during those years; that the act has been very successful and is now producing a large income for himself and those

associated with him; that the act is well known and is produced only at the best vaudeville theatres in this country as a headliner, so-called.

The defendants claim that the word "Mercedes" is Miss Crane's middle name; that her name is Elizabeth Mercedes Crane; that she became associated with the defendant Lovett something less than a year ago in the production of a play or act similar to the production of the plaintiff's, but which is varied somewhat by some additional features which have been added to the act; that her part in the production is substantially the same now under the direction of Mr. Lovett, as when she was connected with the plaintiff in 1910.

She claims that she was the essential feature of the act as produced by the plaintiff when he produced this particular play in 1910. She claims that she was instrumental in originating it; that her father had more or less to do with the origin of this particular act, and that when she and the plaintiff began producing it they were partners, she receiving one-half of the net proceeds of their joint venture. That for some time the plaintiff and the defendant Crane continued to produce this act until finally disagreements arose which separated them, she returning to her home in Chicago and obtaining employment elsewhere.

The plaintiff denies that there was any partnership between the parties, in this, that the act was exclusively his idea, that he employed the defendant Crane to assist him in the production of the act and that that is as far as she had any connection with it.

After the separation of the parties the plaintiff employed another lady to take Miss Crane's part and from that time on the act itself, not the performer, was called "Mercedes," and the word "Mercedes" has been applied to the act itself from that time on and until this day.

It seems from the testimony of the defendants that the defendant Lovett conceived the idea of putting on a similar act, as I have said, a year ago; that he employed Miss Crane to assist him in producing the act, which is in substance the same act in its essential features as the act of the plaintiff; that a trial performance or a series of performances were given in Chicago, later in Davenport, then in Winnipeg and still later in Cincinnati.

The advertisements that were used in Cincinnati are before the Court. At first the act was called "Concentration" but the advertisements in Cincinnati show that emphasis is given to the word "Mercedes" in connection with the name Crane. Advertisements of the defendants performance that were distributed in Detroit recently also gave emphasis to the word "Mercedes," which is the feature word of the advertisement. The word Crane is placed in small letters in all of these later advertisements, and it is because the plaintiff claims that the defendants are using unduly the word "Mercedes," thereby taking away from him that which he claims is his own, that this proceeding is instituted, and the plaintiff claims that the defendants should be restrained absolutely from using the name "Mercedes" in connection with their production.

The defendants on the other hand claim that because the name "Mercedes" is the middle name of Miss Crane she has a right to use it in connection with the production of the defendants, and because of the further right which was hers, and which she never abandoned, while she was associated with the plaintiff, when her middle name was used in connection with the plaintiff's production at that time. And the defendants pray that the plaintiff be restrained from the use of the name "Mercedes," and that he be required to account for the profits that he has made. Both sides ask, in other words, for a permanent restraining order, each against the other and for an accounting of the profits each may have made out of the use of the word "Mercedes."

I think I have sufficiently stated the substance of the pleadings and claims so that the real issue involved may appear clearly to all of us. This is as to whether the plaintiff may exclusively use this word "Mercedes" in connection with his vaudeville production. It was conceded by both sides at the beginning of the hearing that that was substantially the issue to be determined by the Court. There is no complaint against the defendants by the plaintiff that in the production of this particular vaudeville act by them they may use the word "Concentration," or any other word they may choose to select, it is the use by the defendants of the word "Mercedes" that must be determined.

I think it appears beyond question that the word "Mercedes"

in connection with this particular vaudeville act has become a valuable asset to the plaintiff and would be a valuable asset to the defendants if they could appropriate it and use it. The fact that it is a valuable asset is the fact which leads both parties into a court of equity to restrain the other from its use.

The principal contention of the defendants that the word "Mercedes" is a part of Miss Crane's name, and therefore they have an exclusive right to use it is not controlling by any means. A name may be used without question if the use of it does not infringe upon the rights of another in the prosecution of his business, whereby the public is likely to be misled, as has been said by counsel.

This question of the right to use names in connection with one's own business, particular names, proper names, common names, any name, has been before the courts a number of times in this and other states. It seems to me that the question involved here has been determined by the decisions of our own court, and it is not necessary to go outside of Michigan to find the law fully and completely stated. The case of *Lamb Knit Goods Co. v. Lamb Glove & Mitten Co.*, is a case where the use of a proper name was enjoined under the circumstances shown there, because its use by the latter concern, in the judgment of the court, would lead to confusion; the public would be misled in dealing with the two institutions and would be unable to determine by the use of that name which of the two they were really dealing with. In a case that arose in this city, I think of *Pemberthy Injector Co. v. Lee*, a similar question arose and the use of the word Pemberthy was enjoined. There is another case that arose in this city, the *Dime Savings Bank* case, I think it was the *Michigan Savings Bank v. Dime Savings Bank*, in which a restraining order was issued in order that confusion might be avoided. I am not quite sure about that, but it was another case involving the use of a proper name.

It seems to me that the law is so well settled along this line that it is hardly worth while to discuss it or argue it. The books are full of cases in which parties have been restrained from using their own names in a way to appropriate the good will of a business already established by others under that particular name, and that is this case exactly.

Assuming all that the defendants claim to be true, still it appears undisputed on the record, that from 1910 down to the present time plaintiff has used the name "Mercedes" in connection with this particular production, and that it has been during these five years that the name has achieved its notoriety, its importance, its association with the act itself,—its popularity, its money making qualities. It also appears that within the past eight months the defendant Lovett, in connection with Miss Crane, who was formerly associated with the plaintiff, produced a similar act and used Miss Crane's middle name, which happens to be "Mercedes," as featuring principally the act.

It does not make any difference whether up to 1910 while Miss Crane was associated with the plaintiff, she was called Mercedes and designated as Mercedes upon the advertisements of the plaintiff or not. She claims that is the fact. The plaintiff claims that the word "Mercedes" was used to designate the act, but that is not very material. The fact is that for five years the act itself has been described as "Mercedes," and that it has gained its popularity, its popular favor as an act known as "Mercedes," and as I have said during the last year the defendants have been using this word, and I think unlawfully.

I think, however, as to the profits the defendants may have gained by the unlawful use of this name, that they better be eliminated.

An injunction, plain, simple, and in a few words, will be issued restraining the defendants, and each of them, from the further use of the word "Mercedes" in connection with their production.

MORRIS et al v. ALTSTEDTER

(156 N. Y. Sup. 1103)

New York Supreme Court

Special Term, New York County, January 20, 1916

1. UNFAIR COMPETITION—JURISDICTION—ACTS IN FOREIGN COUNTRIES.

Unfair competition in trade is cognizable in a court of equity, because of its essentially fraudulent character, and the presumption is that the law in the foreign countries where any part of the fraudulent business was carried on, is the same as our own.

2. UNFAIR COMPETITION—WHAT CONSTITUTES—ACTS IN FOREIGN COUNTRIES.

Where the defendant attempted to purchase goods from the plaintiff and on failure to agree as to the price, began in Canada the manufacture of goods made by photographic reproduction in exact imitation of the plaintiff's goods, such acts constitute unfair competition and may be enjoined in a court of the United States.

On motion for an injunction pendente lite. Granted.

Goldman, Heide & Unger, of New York City, for plaintiffs.

Morris & Samuel Meyers, of New York City, for defendant.

NEWBURGER, J.:—Plaintiffs allege: That they are manufacturers and publishers of novelties, and more particularly woodenettes and placquettes, and that they have built up a large business in the sale of their merchandise in the United States and in foreign countries, more particularly in the Dominion of Canada. That in or about the year 1910 they originated, manufactured, and sold a series of artistic plaques and mottoes which are known to the trade as woodenettes, and which consist of an elongated plaque or plate made of paper, having a surface ornamentation to imitate grained wood, suitably strengthened at its ends by wooden cleats and provided with a cord whereby it may be suspended, and bearing upon the front face in artistic original type an illuminated motto. That since these woodenettes were first introduced to the trade by plaintiffs the demand has been very large, and the plaintiffs have done a large and growing business in the manufacture and sale thereof, both in the United States and in the Dominion of Canada. That on or about the 18th day of June, 1915, the defendant Altstedter requested the plaintiffs to fix a price at which they would sell him the said woodenettes in lots of 100,000 and 200,000, and that the plaintiffs fixed the price at \$62.50 per thousand. The defendant objected to the price and did not order the goods. That since the woodenettes have been put on the market the plaintiffs have sold about 950,000. That since September, 1915, the defendant has sold to merchants in Canada large quantities of goods similar in design, appearance, style, and wording, so much so that the imitation could only have been made up from photographic copies of those made by the plaintiffs, but that the same are inferior to the quality of those manufactured by these plaintiffs. That the defendant Altstedter has a residence in this city

and does business here under the name of the National Picture Frame & Art Company, and that he is also conducting business in Canada under the same name and title.

The defendant admits that he conducts business in Toronto, Canada, under the same name and title as that conducted by him in this city, but claims that said business, although owned by him, is conducted and managed by one Jacobson, and that the said woodenettes and mottoes sold by him in Canada have been manufactured within the said Dominion of Canada. But the defendant does not deny that the proceeds of the sale of such woodenettes and mottoes are received by him. In other words, his sole contention is that the same were not manufactured in the United States, but are manufactured in the Dominion of Canada, and that the plaintiffs' trade-mark was never registered in Canada.

This is a proceeding to enjoin the defendant, not only for the infringement of the trade-mark, but unfair competition. The defendant cites in his brief the case of *Vacuum Oil Co. v. Eagle Oil Co.* ([C. C.] 122 Fed. Rep. 105), which was decided on March 3, 1903, but he seems to have overlooked the same case in (C. C.) 154 Fed. Rep. on page 867, and decided on June 18, 1907. In the latter case the court held, at page 875:

"It is not founded upon any foreign statute, nor has such been pleaded, nor does it make any difference whether the complainant's trade-marks are valid in Germany or not. The presumption is that the law in the foreign countries where any part of the fraudulent business was carried on is the same as our own, and that fraudulent acts are unlawful there as here."

And judgment was decreed in favor of plaintiff. This case was affirmed in 162 Fed. Rep. at page 671, 89 C. C. A. 463.

It has been repeatedly held that an act that violates the law of fair dealing and good conscience must be of universal recognition. Unfair competition in trade is made cognizable by a court of equity, because of its essential fraudulent character. (See Hopkins on Trade-Marks, p. 41; *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U. S. 537, 11 Sup. Ct. 396, 34 L. Ed. 997.) It has also been held that, while the action is founded upon fraud, it is also of a transitory character, and the fact that some of the fraudulent acts were committed outside of the jurisdiction of this state or the United States will not avail the defendant. (See *McKenna*

v. *Fisk*, 1 How. 241, 11 L. Ed. 117; *Mitchell v. Harmony*, 13 How. 115, 14 L. Ed. 75; *Dennick v. Cent. R. R.*, 103 U. S. 11, 26 L. Ed. 439.)

I am therefore of the opinion that, in view of the conduct of the defendant, it not being denied that he attempted to purchase from these plaintiffs goods, and upon their failure to agree upon the contract price that he, in going into the Dominion of Canada and manufacturing articles similar to those which the plaintiffs had manufactured for years, did so for the purpose of injuring these plaintiffs, and that such acts undoubtedly come within the definition of unfair competition.

The motion for an injunction pendente lite must therefore be granted. Settle order on notice.

D. H. BURRELL & CO. v. SIMPLEX ELECTRIC HEATING CO.

(225 O. G. 727)

District of Columbia Court of Appeals

February 7, 1916

1. TRADE-MARKS—NAME OF CORPORATION.

The word "Simplex" is not registrable as a trade-mark owing to the existence of a corporation named "Simplex Electric Heating Company."

2. TRADE-MARKS—OPPOSITION—RES ADJUDICATA.

Where the registrability of a trade-mark for apparatus for heating, cooling and pasteurizing milk was determined in a prior opposition proceeding, the registrability of the same mark for similar apparatus heated by steam is *res adjudicata*.

3. TRADE-MARKS—OPPOSITION—AMENDMENT OF APPLICATION.

After an applicant has been defeated in an opposition proceeding, he may be permitted to amend his application but he must eliminate therefrom every ground of controversy which was involved in the opposition proceeding.

For the decision of the commission of patents from which this decision is taken, see 5 T. M. Rep. 466.

Mr. Wm. F. Hall for the appellant.

Mr. Nathan Heard and *Mr. F. A. Tennant* for the appellee.

ROBB, J.:—Appeal from a decision of the Patent Office sustaining the opposition of the appellee to the registration by the appellant of the word "Simplex" as a trade-mark for—
steam heated apparatus for pasteurizing milk and apparatus for cooling milk.

On March 15, 1912, appellant filed an application for the registration of the word "Simplex" as a trade-mark "for apparatus for heating, cooling and pasteurizing milk." Thereupon the appellee filed its opposition, setting forth that it had sold under this mark for many years a great variety of heating apparatus, including milk-warmers, instrument-sterilizing pans, electric stoves, electric heaters, flask-heaters, etc. Testimony was taken by both parties and a hearing before the Examiner of Interferences resulted in a decision that the applicant, appellant here, was not entitled to the registration for which it had made application. From this decision no appeal was taken.

After the above decision of the Examiner of Interferences became final, appellant by amendment changed the application to its present form. Thereupon the appellee again filed a notice of opposition alleging, first, that the decision in the prior interference was *res adjudicata* and, second, that having been incorporated prior to the date of adoption of the mark by the applicant, registration was prohibited by the Trade-Mark Act. No further testimony was taken, but it appears that the testimony taken in the prior interference was considered in this. The Patent Office tribunals were persuaded that the first ground of opposition was not well taken, but sustained the second on the authority of *Asbestone Co. v. Carey Mfg. Co.* (41 App. D. C. 507 [4 T. M. Rep. 161]) and other cases in this court.

While the conclusion of the Patent Office that this case is ruled by the Asbestone decision clearly was correct, we deem it our duty to discuss the other question raised, to the end that what we conceive to be a mischievous practice may be arrested.

The two interferences were between the same parties, and involved the same mark. In the first interference, appellant sought registration of "Simplex" as a trade-mark for apparatus for heating, cooling and pasteurizing milk. In the application of the present interference, the source of the heat is restricted to steam, and that is no change at all, so far as the question now under consideration is concerned. We say this because it is too obvious to require argument that under the decisions of this court it made no difference whether the source of the heat was steam or electricity, provided the devices heated were capable

of substantially the same use. The use of the word as a trade-mark in connection with the sale of goods of one class would preclude its registration as a trade-mark for the goods of the other. This question was involved in the prior interference, and when the decision in that interference became final it put an end to the controversy. (*Blackford v. Wilder*, 28 App. D. C., 535; *in re Boston Wine & Spirits Co.*, 39 App. D. C., 421 [3 T. M. Rep. 191]; *Sutton et al v. Wentworth*, 41 App. D. C., 582; *in re Herbst* [6 T. M. Rep. 137]. After an applicant has been defeated in an opposition proceeding, he may be permitted to amend his application, but he must eliminate therefrom every ground of controversy which was involved in the opposition proceeding, for unless he does so that proceeding is rendered abortive and a second controversy started over a question that the prior decision put at rest.

The decision is affirmed.

[NOTE:—See *in re United Drug Company* and note, 6 T. M. Rep., 101; *Mansfield Tire & Rubber Company v. Ford Motor Company*, and note, 6 T. M. Rep., 141.]

IN RE UNITED STATES TIRE COMPANY.

(225 O. G. 1107)

District of Columbia Court of Appeals

February 7, 1916

1. TRADE-MARKS—DESCRIPTIVE WORDS.

It is the settled law that a trade-mark which represents the class, grade, style or quality of the goods to which it is applied is not registrable.

2. TRADE-MARKS—DESCRIPTIVE WORDS.

The word "chain" is descriptive of rubber vehicle tires which have a representation of a chain moulded on the tread to prevent skidding or slipping.

For the decision of the commissioner of patents from which this appeal is taken, see 5 T. M. Rep. 461.

Mr. E. W. Vaill for the appellant.

Mr. William R. Ballard for the Commissioner of Patents.

VAN ORSDEL, J.:—Applicant company appeals from the decision of the Commissioner of Patents refusing it registration of the word "Chain" as a trade-mark for rubber vehicles-tires.

It appears that a design patent, No. 43, 454, was granted applicant for a rubber tire having molded on its tread the simulation

of a chain. This tire is in wide use, and the chain-links embossed on the rubber tread perform a valuable function in preventing skidding or slipping. These tires are advertised and known as the "chain type tires." They may, with equal propriety, be referred to as "chain" or "chain tread" tires.

It was, therefore, held by the tribunals below that the mark sought to be registered relates to the style or character of the goods to which it is applied. It is settled law that a trade-mark which identifies the class, grade, style or quality of the goods to which it is applied is not registrable. (*Columbia Mill Co. v. Alcorn*, 150 U. S., 460.) The mark sought to be registered is descriptive of the character and style of the goods on which it is used, and clearly comes within the inhibition.

The decision of the Commissioner of Patents is affirmed, and the clerk is directed to certify these proceedings as by law required.

DECISIONS OF THE COMMISSIONER OF PATENTS

Name of Patented Article

NEWTON, A. C.—Appeal by the Warren Featherbone Company, from the decision of the examiner of interferences, dismissing its opposition to the registration by the Castlebone Company of the word "Castle" for "featherbone." "Featherbone" is a common appellative for a substitute for whale bone, made from the quills or feathers of fowls. Opposer or its predecessor registered "Featherbone" as a trade-mark and obtained patents for a product which was designated in the patents "Featherbone." The court of appeals of the seventh circuit has held that, upon the expiration in 1900 of the first of the patents designating the patentee's article as "Featherbone," the public acquired a right to sell "Featherbone" under that name, and the name could not thereafter be monopolized by the patentee as a trade-mark. [Compare *Warren Featherbone Co. v. J. W. Schloss, et al*, 5 T. M. Rep. 273.]

The applicant does not include "Featherbone" as a part of its trade-mark, but asks only for the registration of the word "Castle" and the picture of a castle. Even if the opposer had the

right to the exclusive use of the word "Featherbone" as a trade-mark, it is not believed that the applicant's use of this word as a mere designation of his goods would substantially "damage" opposer. Decision of the examiner affirmed.¹

Goods of the Same Descriptive Properties

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing to register the words "Golden Rod" as a trade-mark for butter, because of a prior registration of the same words for condensed milk.

The Patent Office does not regard butter and condensed milk as of the same descriptive properties. The decision of the examiner should be reversed. (Citing: *Lawrence v. Sharpless Co.*, 203 Fed. Rep. 762 [3 T. M. Rep. 211]; *Lawrence v. Licking Creamery Co.*, 206 O. G. 589 [4 T. M. Rep. 444].)²

Res adjudicata

EWING, C.—The United States District Court has held, in litigation between the same parties, that in 1898 Macwilliam assigned to the predecessor of the President Suspender Company his entire business in the manufacture and sale of suspenders, together with the good-will, trade-marks and exclusive right to use his patent. This finding will be accepted here and Macwilliam is, therefore, held not to be entitled to the registration.³

On What Goods

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks refusing to register a trade-mark for coupons, trading stamps, leaflets, circulars, catalogs, posters, labels and the like.

A trading stamp is a vendible commodity and the identification of the issuer is a matter of some importance. A trade-mark for trading stamps has been registered prior to this time. The

¹ The Warren Featherbone Company v. Castlebone Company, 117 Ms. Dec., 117, June 16, 1915.

² Ex parte, Latows Specialty Company, 118 Ms. Dec., 381, December 11, 1916.

³ President Suspender Company v. Hugh J. Macwilliam, 118 Ms. Dec., 492-493, February 5, 1916.

decision of the examiner of trade-marks is therefore reversed. (Citing: *Paul v. Virginia*, 8 Wall. 168; *Ex parte, Jewelers Security Alliance*, 114 Ms. Dec., 134.)¹

Review by Petition

EWING, C.—Where the matter is appealable, a petition to the commissioner will be denied.²

Color

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing registration of a blue fibrous core, as a trade-mark for wire rope. Since a colored strand is the only way to mark a rope, and since it is desirable to know the manufacturer of a particular piece of rope in case of accident resulting from the breaking of the rope, the decision of the examiner should be reversed.

The general rule that color does not constitute a trade-mark does not apply in this case because, from extensive litigation, the public has been educated to look for a colored strand in rope. (Citing: *Leschen & Sons Rope Co. v. American Steel & Wire Co.*, 164 O. G. 978 [1 T. M. Rep. 42]; *in re Eagle Pencil Co.*, 185 O. G. 1383 [3 T. M. Rep. 64]; *in re Kane*, 9 O. G. 105; *Ex parte, Landreth* 31 O. G. 1441; *Leschen & Son Rope Co. & Broderick v. Bascom Rope Co.*, 201 U. S. 166; *Indianapolis Brush & Paint Mfg. Co. v. Jos. Lang Co.*, 2 T. M. Rep. 386; *Diamond Match Co. v. Saginaw Match Company*, 142 Fed. Rep. 727; *Newcomer & Lewis v. Scriven Co.*, 168 Fed. Rep. 621.)³

Label Registration—Descriptiveness

NEWTON, A. C.—Appeal from a decision of the examiner, refusing to register an oval shaped label, consisting of a band or scroll, containing the words "Finest American Manufacture-

¹ *Ex parte, United Manufacturers Service Corporation*, 118 Ms. Dec., 291, November 27, 1915.

² *Ex parte, Nopn Manufacturing Company*, 118 Ms. Dec., 470, February 2, 1916.

³ *Ex parte, Durable Wire Rope Company*, 118 Ms. Dec., 370, December 30, 1915.

Hand Made," surrounding a colored field on which there appears the picture of a Belgian hare and the words "Belgian Hare Felt-Extra Quality," on the ground that the label does not describe the goods for which it is intended.

Held, that the word "Belgian Hare Felt-Extra Quality" sufficiently describes the goods to warrant the registration of the label, since if the applicant had presented these words for registration as a trade-mark applied to hats, it would probably have been met with the objection of descriptiveness. To comply with the requirements that a label must describe the goods, it is not necessary that the label should specifically name the article to which it is attached.¹

Effect of Disclaimer

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks refusing to register a trade-mark, the principal feature of which is a maltese cross, in view of two prior registrations, containing such a cross, for the same goods.

The fact that the two registrations have been allowed does not show that the maltese cross is *publici juris*. Moreover, the applicant's disclaimer is of no avail, so long as the cross appears in the mark. The consent of the prior registrants, or proof that they are no longer using the mark, is necessary to the registration. (Citing: *Fischbeck Soap Co. v. Kleeno Mfg. Co.*, 216 O. G. 663 [5 T. M. Rep. 327].)²

Descriptive Marks

NEWTON, A. C.—Appeal from a decision of the examiner of interferences dismissing the petition to cancel the word "Tex" as a trade-mark for embroidery foundations, including certain letters, emblems and the like, made of papier mache and gummed on one side so that they may be fastened to cloth and covered by embroidery.

Although the foundations are covered with cloth or textile so that the papier mache is not carried away with washing, the

¹ Ex parte, Danbury Hat Company, 118 Ms. Dec., 423, January 18, 1916.

² Ex parte, Sturges & Burn Manufacturing Company, 118 Ms. Dec., 314, December 7, 1915.

word "text" is not descriptive, nor is it descriptive of initial or text letters, since the word "text" is always used with some other word, such as "Wedding Text," "Shaw Text" and the like. The purchasers of these goods are women, and to ninety-nine per cent of them, the word "Tex" has no meaning at all. The decision of the examiner of interferences is affirmed. (Citing: *Enoch Morgan's Sons Co. v. Whittier*, 118 Fed. Rep. 657; *Celluloid Mfg. Co. v. Cellonite Mfg. Co.*, 32 Fed. Rep. 94; *N. K. Fairbank Co. v. Central Lard Co.*, 64 Fed. Rep. 133.)¹

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks refusing to register the word "Infallible" as a trade-mark for smokeless sporting powder on the ground of descriptiveness, although affidavits were submitted by the applicant to show that the word had been in use for fifteen years and had acquired a secondary meaning, as indicating the applicant's goods.

The advertising described the powder as "uniform in velocity and pattern," not affected by climatic changes, always in perfect condition and always reliable.

Held, that the mark was not registrable, even though the applicant might have the right to protect the mark against unfair competition. (Citing: *Ex parte, Sauers Mfg. Co.*, 129 O. G., 3161.)²

NEWTON, A. C.—The words "Limestone Brand Phosphate" as a trade-mark for a laxative for rheumatism and similar ailments, the initial letter "L" extending under the entire word and having the words "Trade-Mark Registered" thereon, should be refused registration.

If the preparation contains limestone, the mark is descriptive, and if it does not contain limestone, the mark is deceptive.³

NEWTON, A. C.—The word "Everlasting" as a trade-mark for metallic valves should be refused registration because it is

¹ The Initial Company v. G. Reis & Brother, 118 Ms. Dec., 286, November 27, 1915.

² Ex parte, Hercules Powder Company, 118 Ms. Dec., 307, December 4, 1915.

³ Ex parte, Limestone Phosphate Company, 118 Ms. Dec., 388, December 31, 1915.

descriptive. The applicant's catalog points out that an admirable feature of the valve is its lasting quality. (Citing: *Ex parte, O'Reilly*, 114 Ms. Dec., 330 [4 T. M. Rep. 407]; *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, 220 U. S. 446; 165 O. G. 97 [1 T. M. Rep. 10]; *Ex parte, Freund Bros. & Co.*, 169 O. G. 206 [1 T. M. Rep. 255]; *in re Seamless Rubber Co.*, 153 O. G. 547; *Florence Mfg. Co. v. Dowd*, 178 Fed. Rep. 73; *in re Consumers Co.*, 140 O. G. 121.)¹

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing to register the word "Economic" for a fertilizer distributor on the ground that, from an examination of the Century Dictionary, the word was synonymous with the word "economical." Held, that the word "Economic" does not convey the idea of cheaper or of greater distribution, and since the word has been duly registered for other goods, even though it had not acquired a secondary meaning, the examiner should be overruled.²

NEWTON, A. C.—The word "Peerless," as a trade-mark for brewers dried grains, is descriptive. (Citing: *Ex parte, Paragon Malt Co.*, 121 O. G. 690; *Ex parte Williams*, 66 Ms. Dec., 20.)³

EWING, C.—The word "Indestructible" as a trade-mark for voile used for diaphanous dresses which are to be worn over substantial foundations of silk or other material, is not in any sense accurately descriptive, and while it might be deceptive if taken literally, there is no element of deception for experienced purchasers.⁴

Conflicting Marks

NEWTON, A. C.—Appeal from a decision of the examiner of interferences, dismissing the opposition to the registration of a trade-mark, the essential features of which are the word "Milkman" and the picture of a man with a can of milk on his back

¹ *Ex parte, Patterson-Allen Engineering Company*, 118 Ms. Dec., 389, December 31, 1915.

² *Ex parte, Heuch & Dromgold Company*, 118 Ms. Dec., 297, November 29, 1915.

³ *Ex parte, Penn Grains & Feed Co.*, 118 Ms. Dec., 440, January 18, 1916.

⁴ *Ex parte, Hiram Royal Mallison*, 118 Ms. Dec., 456, January 20, 1916.

enclosed in a wreath, having on either side thereof, a figure of a man and woman in Dutch costume. The opposer's mark contains the word "Milkmaid" and the picture of a woman with a pail of milk on her head and a second pail in her hand.

As a whole the marks are quite distinct and there is no attempt at simulation. The marks have been used in competition for many years and in many countries and no litigation has resulted, except in Brazil where opposition proceedings were decided against the opposers. No actual confusion was proven between the words "Milkman" and "Milkmaid." The decision of the examiner is therefore affirmed. (Citing: *Sarg's Sohn & Co. v. Hall & Ruckel*, 165 O. G. 732; 36 App. D. C. 532 [1 T. M. Rep. 49]; *Kentucky Distillery & Warehouse Co. v. Demsey & Co.*, 130 O. G. 2373; *Moore v. Anwell*, 172 Fed. Rep. 50; *Valvoline Oil Co. v. Havoline Oil Co.*, 211 Fed. Rep. 189 [4 T. M. Rep. 257]; *Waterbury Chemical Co. v. Reed & Carnick*, 200 O. G. 279 [4 T. M. Rep. 125].)¹

NEWTON, A. C.—Appeal from a decision of the examiner of interferences, dismissing the opposition to the registration of the word "Neolin" for non-poisonous germicides for medical and surgical use, especially prepared for internal administration.

The opposition is based on prior use of the word "Creolin" as a trade-mark for disinfectants in liquid and powder form, deodorants, germ destroyers and sheep dip.

The marks undoubtedly conflict, but if the application to register the word "Neolin" is specifically restricted to preparations for internal use, it may be granted. In view of the vagueness of the statement at present, it should be refused registration and the decision of the examiner is accordingly reversed. (Citing: *Landespriv v. Hall*, 165 O. G. 732; 36 App. D. C. 532 [1 T. M. Rep. 49]; *Waterbury Chemical Co. v. Reed & Carnick*, 200 O. G. 279; 41 App. D. C. 256 [4 T. M. Rep. 125]; *Seubert v. Santaella*, 136 O. G. 987; 36 App. D. C. 447; *in re Barrett Mfg. Co.*, 167 O. G. 513, 37 App. D. C. 111 [1 T. M. Rep. 122]; *Breitenbeck & Strong v. Rosenberg*, 167 O. G. 763; 37 App. D. C. 102 [1 T. M. Rep. 191].)²

¹ Nestle and Anglo-Swiss Condensed Milk Company and Bordens Condensed Milk Company v. Holland Food Corporation, 118 Ms. Dec., 320, December 11, 1915.

² Wm. Pearson v. Thomas L. Leeming, 118 Ms. Dec., 324, December 11, 1915.

NEWTON, A. C.—Appeal from a decision of the examiner of interferences dismissing an opposition to the registration of the words “Mother Goose” and a picture of that mythical character riding on a broomstick, as a trade-mark for shoes. Opposer’s mark for the same goods consisted of the word “Goose” and a picture of a goose with a key in its mouth.

Opposition sustained since the public would not be liable to distinguish between the two marks and would know both as “Goose” shoes. As a general rule, when a trader adopts a single word as a trade-mark, no other trader should be allowed to register that word in connection with another word. (Citing: *in re Herbst*, 134 O. G. 1565; *Gannert v. Ruppert*, 127 Fed. Rep. 962; *Hutchinson v. Covert*, 51 Fed. Rep. 832; *Ex parte, Caire*, 15 O. G. 248; *Ex parte, Ginter*, 22 Ms. Dec., 236; *Ex parte, Hillyard*, 41 Ms. Dec., 240; *Ex parte, N. Y. Powder Co.*, 59 Ms. Dec., 142; *Eagle White Lead Co. v. Pflugh*, 180 Fed. Rep. 579; *New Home Sewing Machine Co. v. Bloomingdale*, 59 Fed. Rep. 284; *Lever Bros. Ltd. v. Pasfield*, 88 Fed. Rep. 484; *W. A. Gaines & Co. v. Turner-Looker Co.*, 204 Fed. Rep. 553 [3 T. M. Rep. 311]; *Chappell v. Sherd*, 2 Kay and J, 117; *Allen B. Wrisley Co. v. Buck*, 95 O. G. 2483.)¹

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing to register the word “Bo-Ka,” in view of a prior registration of the trade-mark “Bouquet” for the same goods. Since the applicant states in an affidavit that its mark is pronounced as if spelled “Boker,” the mark should be passed for publication and registered if no opposition arises.²

¹ *International Shoe Company v. Kaut-Reith Shoe Company*, 118 Ms. Dec., 338, December 15, 1915.

² *Ex parte, No-Vary Products Company*, 118 Ms. Dec., 385, December 31, 1915.

THE THERMOGENE CO. LTD. V. THE THERMOZINE CO. INC.

United States Circuit Court of Appeals Second Circuit, May 1916

1. TRADE-MARKS—DESCRIPTIVE WORD.

The word "Thermogen" is an English word derived from the Greek meaning "to bring forth heat," and is therefore descriptive of a medicated cotton wadding so prepared as to act a counter-irritant by the production of local heat, on application to the body. The adoption of the French spelling by the addition of a final "e" does not change the character of the word which is not the subject of exclusive appropriation as a trade-mark.

On appeal by the complainant from a decree of dismissal.
Affirmed.

For the opinion of the lower court upon granting a preliminary injunction, see 5 T. M. Rep., 147.

For the opinion of the lower court upon the dismissal of the bill, see 5 T. M. Rep., 303.

Hervey, Barber & McKee (Lanier McKee and Arthur William Barber of counsel) for the appellant.

Frederick M. Czaki, for the appellee.

Before COXE, circuit judge, and HOUGH and MAYER, district judges.

COXE, J.:—The word "Thermogen" is an English word derived from the Greek and is practically synonymous with the word "caloric." It means to bring forth heat. Either of these words could be used by the parties to this controversy in describing its wares. This being so, it seems contrary to reason to assert that the addition of the final *e* so changes the word Thermogen that it may be monopolized by an individual or a corporation to designate a particular line of merchandise. It is the same word whether we adopt the French spelling "Thermogene" or the English spelling "Thermogen." In both cases it has the same meaning and if one cannot be monopolized by a single individual to designate his wares, neither can the other. The complainant might as well have attempted to preempt "Chlorine" or "caloric."

There can be no doubt that the word which is the subject of the trade-mark—Thermogene—whether it be spelled with or without the final *e*, whether it be treated as having an English or a French

derivation, is a word descriptive of that which owes its birth to heat. No one person can monopolize such a word by procuring a trade-mark. We agree with the District Judge that the reasoning of the Supreme Court in the case of *Standard Paint Co. v. Trinidad Asphalt Co.*, (220 U. S. 446, [1 T. M. Rep., 10]) is applicable to the case on hand. In that case the trade-mark of the Paint Company was "Ruberoid" and the court said at page 445:

"The word, therefore, is descriptive, not indicative of the origin or the ownership of the goods; and, being of that quality, we cannot admit that it loses such quality and becomes arbitrary by being misspelled. Bad orthography has not yet become so rare or so easily detected as to make a word the arbitrary sign of something else than its conventional meaning, as different, to bring the example to the present case, as the character of an article is from its origin or ownership."

The decree is affirmed with costs.

[NOTE:—We are not disposed to agree with the court that the reasoning in the "Ruberoid" case is applicable to the present case. The history and application of the word "Ruberoid" are not at all similar to the history and application of the word "Thermozine."

By reference to the decision of the Circuit Court of Appeals of the Eighth Circuit, in that case, it is found that

"It (the word 'Rubberoid') was a part of our common vocabulary. Long before complainant began operations, the patent office discloses applications of it to compositions resembling, but not containing rubber, and it had found its way into the lexicons. The suffix 'oid' signifies likeness or resemblance to the thing indicated by the word to which it is attached. Thus, 'Granitoid' means like granite; 'Crystalloid' means like crystal and 'Rubberoid,' like rubber. The latter is a common English term signifying a resemblance to rubber in appearance or characteristics." (*Trinidad Asphalt Manufacturing Co. v. Standard Paint Co.*, 163 Fed. Rep., 977.)

The Supreme Court itself said, of the use of the word:

"'Rubberoid' is defined in the Century Dictionary as a trade-name for an imitation of hard rubber. It is a compound of the word 'Rubber' and the suffix 'oid' and 'oid' is defined in the same dictionary as meaning 'having a form or resemblance to the thing indicated, like, as in "Anthropoid," like man; "Crystalloid," like crystal; "Hydroid," like water, etc. It is much used as an English formative, chiefly in scientific words.' 'Rubberoid,' therefore, is a descriptive word meaning like rubber." (*Standard Paint Co. v. Trinidad Asphalt Manufacturing Co.*, 1 T. M. Rep., 10.)

Thus, it appears that the case which the Supreme Court had before it, was one in which the sole item of invention consisted in dropping the letter "b" from the middle of the word and applying the name thus misspelled to the product of the complainant, of which product the word, in its common and long recognized application was exactly descriptive.

In contrast with the facts involved in the case, the word "Thermogen," the nearest equivalent in the language to the trade-mark under discussion, was the name once applied to a hypothetical fluid, supposed to exist throughout nature and from the presence of which the phenomena of heat resulted. The word long since disappeared from the language, with the abandonment of the conception which it was adopted to express.

To hold now that a name, applied at an earlier stage of scientific thought to a substance which never had any other than a hypothetical or fanciful existence, is

descriptive as applied to an article of merchandise, is to hold that a word ceases to be a valid trade-mark when it is sufficiently suggestive to be valuable.

Whether, therefore, the complainant's trade-mark be regarded as a French adjective, meaning "which owes its birth to heat," or as a misspelling of the word "Thermogen," formerly used in the English language to denote a subtle, imponderable fluid pervading all natural bodies, but which word has now passed into disuse by the abandonment of the theory with which it was associated, in neither case, is the complainant's trade-mark to be regarded as in any way descriptive of cotton wadding, so prepared as to act as a counter-irritant and to reduce swellings and inflammatory conditions. The most that can be said is that the complainant's trade-mark suggests heat as associated with its product. By a proper exercise of the imagination, it may be inferred that the article is a counter-irritant, which produces a condition of congestion and consequent warmth in the part to which it is applied, but this is far from making the word one of precise description.

The test of descriptiveness in a word as applied to the marking of an article of merchandise is whether, to permit the monopoly of the use of the word by one manufacturer or dealer in that connection, would interfere with the right of others to free use of the English language for legitimate purposes of description. (*Elgin National Watch Co. v. Illinois Watch Co.*, 179 U. S. 665; *Canal Co. v. Clark*, 18 Wall., 311.) It does not by any means follow from this rule that a word, descriptive as applied to one article, or in one sense and, in fact, a common word of the English language, may not be susceptible of a fanciful or arbitrary application to any article and as so applied, be a good and valid trade-mark. (*Cooke & Cobb Co. v. Miller*, 169 N. Y. 475.)

Thus the word "Elastic," as applied to suspenders, is plainly descriptive, and has been held so to be. (*Bailey v. Nashawannuck Manufacturing Co.*, 1890 C. D., 597 [Supreme Court, New York County, April 15, 1890].) However, as applied to sectional bookcases, capable of indefinite expansion by the addition of other units, it has been held not to be descriptive but a good trade-mark. (*Globe-Wernicke Co. v. Brown*, 121 Fed. Rep., 185.)

The Circuit Court of Appeals in the Third Circuit has sustained the validity of the word "Hygeia" as a trade-mark for distilled water. (*Consolidated Ice Co. v. Hygeia Distilled Water Co.*, 151 Fed. Rep., 10.)

In holding the word "Solio," as applied to photographic paper to be a valid trade-mark, the Lord Chancellor refuted the argument that the word indicated a character or quality of the goods, because sunlight is operative in producing impressions on photographic paper, and the word is derived from the Latin "Sol," meaning "Sun"; while Lord Justice MacNaghton in the same case held: that there was no objection to a covert and skilful allusion to a character or quality of the goods, and that the object of putting a restriction on words capable of being registered as trade-marks was to prevent persons appropriating to themselves that which ought to be open to all. (*In re Eastman Photographic Materials Co., Ltd.*, 15 Reports of Patent, etc. Cases, 476.)

In passing upon the descriptiveness of the name "Bromo-Caffeine," the Court of Appeals of the State of New York said:

"The trade-mark does not impart information as to the general characteristics and composition of the plaintiff's preparation, at least to such an extent as to render the trade-mark itself invalid on that ground. . . . The word fails in fact to give information as to what the ingredient is, further than a possibility as above suggested. This failure is very important, for unless the word gives some reasonably accurate, some tolerably distinct knowledge as to what the ingredient is, it is clear that it is not descriptive within the meaning of that term as used with reference to a trade-mark." (*Keasbey v. Brooklyn Chemical Works*, 142 N. Y., 467.)]

PENNSYLVANIA RUBBER CO. V. DREADNAUGHT TIRE & RUBBER CO.

(229 Fed. Rep. 560)

*United States Circuit Court of Appeals**Third Circuit, February 12, 1916*

1. UNFAIR COMPETITION—DECEPTION.

Where, in a suit alleging unfair competition, no present or prospective confusion of products is shown, the bill should be dismissed.

Appeal by plaintiff from a decree in its favor granting insufficient relief. Affirmed.

For the decision of the lower court, see 5 T. M. Rep. 429.

Christy & Christy, of Pittsburgh, Pa., and *Ward, Gray & Neary*, of Wilmington, Del., for appellant.

Harry E. Karr, of Baltimore, Md., and *Marvel, Marvel & Wolcott*, of Wilmington, Del., for appellee.

Before BUFFINGTON, McPHERSON, and WOOLLEY, Circuit Judges.

PER CURIAM:—In this bill the Pennsylvania Rubber Company, averring itself a corporation of Pennsylvania, and the amount in controversy exceeding \$3,000, charged the Dreadnaught Tire & Rubber Company with unfair competition in the sale of automobile tires. Although the case was discussed in this court as involving a trade-mark, it will be observed that no mention of any trade-marks of complainant, or the violation thereof, are alleged in the bill, and, as noted in the opinion below, when the plaintiff called the defendant's attention to the alleged violation of its rights, no mention was made of the use of any alleged trade-mark. Accordingly, we treat the case as one of alleged unfair competition.

On final hearing, the court below, in an opinion reported at 225 Fed. Rep. 138 [5 T. M. Rep. 429] held the Dreadnaught Company was guilty of unfair competition in its markings and sale of certain tires known in the trade as "seconds," and entered a perpetual injunction enjoining such markings. From this part of the decree the Dreadnaught Company has not appealed. As to the other acts complained of, viz., the sale of other tires, the court

held "that, unless in connection with the sale and disposition of the defendant's 'seconds,' the bill cannot be sustained," and entered a decree "that in other respects the bill of complaint be and the same is hereby dismissed." From such part of the decree the plaintiff took this appeal.

The testimony has had our careful attention, for the case turns on the question whether the markings on the defendant's tires caused confusion of product or misleading of customers. The proofs fail to show that any intended purchaser of complainant's tire has been misled, and we are satisfied that no purchaser could be misled by defendant's markings into buying one of defendant's tires under the belief he was getting complainant's. In that regard, Judge Bradford well said:

"The package containing the complainant's tire has on each side in large and unmistakable type the word 'Pennsylvania' in connection with the monogram hereinbefore mentioned. The package containing the defendant's tire is of a different color and has running completely around its periphery the words and figures 'Dreadnaught Tires 5000 Miles' several times repeated. It is quite as difficult to conceive that any ordinarily intelligent and careful purchaser should be misled by the package of the defendant into a false belief as to its contents as that he should be deceived by seeing the defendant's tire when unwrapped. There is not the slightest evidence so far as the appearance of the defendant's tire or its package is concerned of any design or intention on its part that either of them should be mistaken for the tire or package of the complainant. It is further to be observed that it is reasonable to expect closer attention on the part of a retail purchaser to such articles as automobile tires than to pocket knives or packages of chewing gum. Further, nowhere in the circulars, advertisements or other literature of the defendant is there disclosed anything intended or calculated to deceive or create confusion in the minds of the purchasing public as to the origin or ownership of its tires. Distinguishing words are so used as to prevent deception or misunderstanding. Still further, it does not appear from the evidence that there was any case in which one desiring to purchase the complainant's tire was misled into a belief by the appearance of the defendant's tire or its package that the defendant's tire was that of the complainant. I am satisfied that unless in connection with the sale and disposition of the defendant's 'seconds' the bill cannot be sustained."

No present or prospective confusion of product being shown, and the court below having fully and satisfactorily discussed the case, we refrain from needless repetition and restrict ourselves to adopting its opinion and affirming its decree, with this addition that the bill be dismissed without prejudice to complainant's right to renew the same, if any confusion of goods should hereafter develop in the course of trade.

ROLLMAN MFG. CO. v. UNIVERSAL HARDWARE WORKS

(229 Fed. Rep. 579)

*United States District Court**Eastern District of Pennsylvania, February 8, 1916*

1. UNFAIR COMPETITION—PATENT SUIT—IMPROPER USE OF DECREE.

Where in a suit alleging infringement of a patent, circulars sent out by the plaintiff suppressed information as to the effect and limits of an interlocutory decree and were intended to affect the defendant's trade, and to secure unfairly the business of the defendant's customers, although the letters contained no false representations as to the scope of the decree, the plaintiff will be restrained from making any representations as to the decree without definitely informing the defendant's customers of the character of the infringement.

In Equity. On motion to suppress letters sent out by plaintiff relating to decree in its favor. Granted in part.

Coyle & Keller, of Lancaster, Pa., and *Archibald Cox*, of New York City, for plaintiff.

John A. Hipple, of Lancaster, Pa., and *William R. Davis*, of New York City, for defendant.

THOMPSON, District Judge. * * *

The question raised by the defendant's first motion is whether the circular letters sent out by the plaintiff on October 20, 1915, and the "follow-up" letters sent out on or about November 12, 1915, contain matter constituting an improper use of the interlocutory decree of the court and of its orders for production for inspection of the defendant's books and papers, and, if improper use has been made of the decree and order, whether the court has authority to control the plaintiff's action in sending out such letters.

It is not to be denied that the plaintiff may notify the defendant's customers of the decree finding that the cherry seeder manufactured by the defendant, which was offered in evidence before the court, infringed certain specified claims of the patent in suit, and may warn the defendant against buying or vending such infringing cherry seeders. And it is not to be denied that the plaintiff may lawfully inform a vendor of an intention to sue him for damages for the sale of the infringing article, and may propose terms of compromise of liability prior to litigation. (*Tuttle v.*

Matthews (C. C.) 28 Fed. 98; *Philadelphia Trust Company v. Edison Electric Light Co.*, 65 Fed. 551, 13 C. C. A. 40.)

The letters sent out by the plaintiff, however, did not inform the defendant's customers of the limits of the interlocutory decree—did not inform them what patent was in suit, nor what claims were held to be infringed, nor in what respect the defendant's cherry seeder was held to infringe. The defendant had contended upon the argument of various motions before the court that the master should have acted upon its offer to show the character of the cherry seeders made and sold by it after March 1, 1911, and should have thereupon determined whether they infringed.

In the opinion filed December 4, 1914, the court held that the plaintiff was not obliged to accept the statements and affidavits of the defendant as to what character of cherry seeders it had manufactured and sold after March 1, 1911, but might, within the limits defined in the order of May 13, 1915, examine the books and papers of the defendant, and obtain information regarding the character of the cherry seeders from the defendant's customers.

The terms of the circular letters sent out bear the inference that the interlocutory decree declared infringement against any or all cherry seeders manufactured by the defendant, and that the plaintiff was entitled under that decree to recover from the defendant's customers profits made on sales of any or all cherry seeders purchased from it.

The plaintiff contends, first, that the purpose of the letters is to obtain the information to which it is entitled, in order that it may perfect its claim for profits; and, second, that it is within its rights in informing the defendant's customers of their liability to suit as infringers and in offering immunity from suit if they will give the information desired. The defendant contends that the plaintiff's purpose is to injure the defendant's business by alarming its customers with threats of litigation, and to obtain its business in the sale of cherry seeders.

The purpose of the plaintiff must be judged by its acts. The letters contain no false representation of the scope of the decree, but undoubtedly suppress information as to its effect and limits. In that respect the plaintiff must be held to have made an improper and unlawful use of the decree which *prima facie* would entitle

the defendant to maintain a suit to protect it from injury to its trade. (*Dittgen v. Racine Paper Goods Co.* (C. C.) 164 Fed. 84; *Id.*, 171 Fed. 631, 96 C. C. A. 433; *Adriance, Platt & Co. v. National Harrow Co.*, 121 Fed. 827, 58 C. C. A. 163.

Under these circumstances, I am of the opinion that the court has authority, as was held in *Asbestos Shingle Co. v. Johns-Manville Co.* ((C. C.) 189 Fed. 611), to control the plaintiff in its use of the interlocutory decree. In that case the court said:

"In view of all these facts I think the complainant should say expressly what are the limits of his rights as fixed by the decree. I will not ask him not to claim that his patent covers the defendant's shingles, for I do not think he is obliged to take the defendant's word for the fact that it sells no shingles made on a paper machine, and, besides, that is outside the scope of this suit altogether; but if he advertises the decree in connection with shingles he must make it clear that the only shingles which it purports to protect are those made on a paper-making machine."

The application here is not for punishment for contempt, nor does the question of preventing a multiplicity of suits arise, as in many of the cases in which the power to grant relief has been discussed. Inasmuch, however, as the letters disclose a purpose, in addition to that of obtaining the information necessary for the prosecution of the plaintiff's case, to unfairly affect the defendant's trade and to unfairly secure the business of its customers, an order will be entered prohibiting the plaintiff from making representations to the defendant's customers as to the interlocutory decree and the orders of the court without stating the limits and effect of the decree and orders, and without definitely informing the defendant's customers of the character of infringement adjudged.

Counsel may prepare and submit an order in conformity with this opinion.

NOTASEME HOSIERY CO. v. STRAUS, et al

(231 Fed. Rep., 243)

United States District Court

Southern District of New York, February 9, 1912

1. TRADE-MARKS—INFRINGEMENT—RIGHT TO RELIEF.

It is a well-established rule of law that a trade-mark is in the nature of a property right which a court of equity will protect from invasion, but he who seeks relief must himself be free from fraud or misrepresentation.

2. TRADE-MARKS—NOTICE OF REGISTRATION.

Where, in a suit for infringement of a registered trade-mark, the label as used by the plaintiff held out to the public as registered, precisely that element of the mark which the patent office had rejected, such misrepresentation invalidates the registered trade-mark and operates as a bar to equitable relief from the asserted infringement by the defendant.

3. UNFAIR COMPETITION—USE OF SIMILAR LABELS.

Where the defendant used a label similar in shape and color scheme to the plaintiff's label, but slightly different in arrangement and bearing a distinctive trade-mark, the similarity is not sufficiently close to justify the presumption of an intent to mislead purchasers; and in the absence of proof of confusion and the substitution of the defendant's goods for those of the plaintiff, the bill will be dismissed.

In Equity. On final hearing. Decree for defendant.

For the opinion of the circuit court of appeals, reversing this decree, see 3 T. M. Rep., 87. For the subsequent decision of the district court, confirming the report of the master, see 4 T. M. Rep., 52. For the opinion of the circuit court of appeals, affirming this, see 4 T. M. Rep., 425. For the opinion of the supreme court, reversing the decision of the circuit court of appeals, see 6 T. M. Rep., 103. See also, 6 T. M. Rep., 144, 146.

D. Frank Lloyd, of New York City (*Robert M. Barr* and *E. Hayward Fairbanks*, both of Philadelphia, Pa., of counsel), for complainant.

Wise & Seligsberg, of New York City (*Edmond E. Wise*, of New York City, of counsel), for defendants.

HAZEL, District Judge:—The bill in this case alleges unfair competition in trade and infringement of a trade-mark adopted and used by complainant corporation since October 1, 1907, as a label in connection with the manufacture and sale of hosiery. There is attached to the statement and declaration a sketch or drawing of the trade-mark which consists of a square having a black band extending diagonally from the left-hand upper corner to the lower right corner of the design, and a triangular space or panel above and below the band printed in red. There is no other mark, lettering, or coloring specified in the application filed December 14, 1907, and registered May 4, 1909, though the evidence shows that the mark as used by the complainant has printed upon the band in white script the word "Notaseme," and on a flourished ending of the script are printed the words "Trade-Mark," while the words, "Reg. U. S. Pat. Off.," are in small type under-

neath the design, as required by statute. The drawing also shows a narrow white border on either side of the diagonal band, but in actual use such border is of decorative gold.

The alleged infringement of the registered trade-mark consists in the adaptation and use by the defendants of labels for their boxes, cartons, and advertisements in connection with the sale of stockings, which comprise a rectangular design with a diagonal black band extending across and dividing it into an upper and lower panel or space; each being red in color. On the black band the trade-mark, "Irontex," is conspicuously printed in white script, and in the upper panel is inserted in black type, "The hose that," and in the lower panel the words, "wears like iron." The band upon which the word, "Irontex," is printed extends from the lower left-hand corner to the upper right-hand corner.

The evidence produced shows that the defendants adopted their trade-mark and label about six months after the adoption of the trade-mark by complainant. If the trade-mark or label in controversy is valid, the defendants have not the right to appropriate it in conjunction with the sale of a like vendible commodity by either copying, imitating, or simulating it. But the defendants contend that the principal characteristic of complainant's trade-mark was the word, "Notaseme," which was refused registration by the Patent Office on account of its descriptive character; that complainant in legal effect disclaimed such word as an element of the combination comprising the trade-mark; and that the continuance of the use of the word, "Notaseme," in connection with the representation that such word was also an element of the registered trade-mark, renders the latter invalid. Whether the contention comes within the rule of the decisions to which attention is directed is a question not altogether free from difficulty.

To merely display the word, "Notaseme," on the face of the design, would not disentitle the complainant to relief, but the addition of the words, "Trade-Mark," printed on the flourished ending of the script, was, I think, a material misrepresentation. It is a well-established rule of law that a trade-mark is in the nature of a property right which a court of equity will protect from invasion, but he who seeks relief must himself be free from fraud or misrepresentation. (*Prince Mfg. Co. v. Prince's Metallic Paint*

Co., 135 N. Y. 24, 31 N. E. 990, 17 L. R. A. 19; *Preservaline Mfg. Co. v. Heller Chem. Co.* [C. C.] 118 Fed. 103.) Ordinarily, misrepresentations to the public arise from statements appearing on the trade-mark relating to the materials composing the manufactured article and the place of manufacture. (*Manhattan Medicine Co. v. Wood*, 108 U. S. 218, 2 Sup. Ct. 436, 27 L. Ed. 706.) In *Holzapfel's Co. v. Rahtjen's Co.* (183 U. S. 1, 22 Sup. Ct. 6, 46 L. Ed. 49), a principle is enunciated by the Supreme Court which is determinative of this question and which seems to broadly include a false claim or a misrepresentation of the character appearing on the face of complainant's trade-mark. In that case it was held that no right to a trade-mark which includes the word "patent" or describes the article as "patented" can arise when the article is unpatented, and the Supreme Court said:

"A symbol or label claimed as a trade-mark, so constituted or worded as to make or contain a distinct assertion which is false, will not be recognized, nor can any right to its exclusive use be maintained."

There are earlier cases in the lower federal courts holding that there can be no title in a trade-mark which operates to mislead or deceive the public, and that the defendant may avail himself of such deception by answer, even though infringement is imputable to him. (*Consolidated Fruit-Jar Co. v. Dorflinger* (Fed. Cas. No. 3, 129.) And in *Preservaline Mfg. Co. v. Heller Chem. Co.*, supra, Judge Kohlsaas denied equitable relief in an unfair competition case where no false statements were made in connection with the trade-mark or packages, but where it appeared that in advertising circulars the word "patented" was used in relation thereto. While it is true that the misrepresentation in each instance in the cases cited implied that the article was patented, or that the patent had not expired, still it seems to me that the same principle as emphasized in the Holzapfel Case applies here. The exclusive right to the use of the word, "Notaseme," was apparently disclaimed in the Patent Office, and yet the complainant continued to use such word at the same time, claiming it was a feature of the combination comprising the registered trade-mark. Such misrepresentation by complainant invalidates the registered trade-mark and operates as a bar to equitable relief from the asserted infringement by the defendants.

The next ground for relief to be disposed of is whether, notwithstanding the invalidity of the trade-mark the defendants are guilty of unfair dealing in trade. That there is in defendant's label a resemblance to complainant's label would seem to be apparent on comparison. The form or shape of the label, the diagonal black band, the red panels, and the white lettered inscription on the band, tend to create the impression that the labels used on the boxes containing the defendants' hosiery are the labels of the complainant; but the resemblance or similarity is not thought sufficiently close to justify the presumption of an intention by the defendants to mislead the ordinary buyer into buying their goods when he intended to buy those of the complainant. The variations made by the defendants in their label, though probably not a complete differentiation, nevertheless were sufficient to require proof that some individual buyer had been deceived.

Complainant produced testimony of specific sales to show that there was a palming off of the goods of the defendant for those of the complainant, but I am left unpersuaded by such testimony. The witness Keefe swears that he bought stockings at defendants' store on three different occasions. On the first and second visits to the defendants' store he pointed out to the saleswoman the box of hosiery he wanted to buy, and he swears he does not recall what was said by either the saleswoman or himself at the time of the purchase, or what happened on any of the occasions in relation to which he testifies. It appears that he made a report in writing to the complainant of a purchase of stockings on July 19, 1910, wherein he stated that he had asked the saleswoman for a pair of "Notaseme" hose, and he purchased the hose delivered to him by the saleswoman, which were those of the defendants. The exhibit report was not used by him to refresh his recollection or in relation to the said purchase, and it is therefore not entitled to consideration as evidence tending to establish the fact. At the time of such claimed purchase, he was accompanied by a friend who had been instructed to observe the transaction with the view of later becoming a witness if necessity arose. Such witness, however, is not produced.

Evidence has been given by the defendants to show that their labels, which they placed on the front ends of the boxes containing

their hosiery, were of rectangular shape, and that, in addition thereto, they placed on the front ends of the covers of the boxes another label which had printed on it in clear type the name, "Macy's"; that after the adoption of their trade-mark, "Irontex," they extensively advertised it in the newspapers of New York City in connection with the sale of stockings and created a demand for the particular kind of stockings sold by them. Under the circumstances, I am satisfied that no confusion resulted from the similarity of the two labels, and that the substitution of the defendants' goods for those of the complainant is not proven.

The bill is dismissed, with costs.

MOBILE TRANSFER CO., et al. v. SCHWARZ

(70 So. Rep., 640)

Alabama Supreme Court

January 20, 1916

1. **TRADE-NAME—INJUNCTION—DEFENSES.**

In a suit alleging infringement of a trade-name, injunctive relief will not be denied on the ground that plaintiff wrongfully assumed the name of a defunct corporation of which he had been the receiver where there is no showing of fraud, wrong or injury against the public or stockholders and creditors of the defunct corporation, and in the absence of any claim by the plaintiff under or through the rights of the defunct corporation, its stockholders and creditors.

2. **TRADE-NAME—INJUNCTION—GROUNDS.**

To warrant the issuance of an injunction in a case of trade-name there must be, first, the existence of a trade-name, second, the fact of an imitation, either directly or with such variations as are merely colorable, and third, the fact that such imitation is made without the license or acquiescence of the owner.

3. **TRADE NAME—INJUNCTION—GROUNDS.**

Where plaintiff has long been engaged in a given locality under a particular name, and the defendant embarks in the same business under substantially the same name with the intention of deceiving purchasers by inducing them to believe it is the plaintiff's business, and defendant does so deceive them, a proper case is presented for relief by injunction.

4. **TRADE-NAME—DEFENSES—INCORPORATION UNDER INFRINGING NAME.**

Section 3446 of the Alabama code provides that no name shall be assumed which is identical with that of any corporation already existing in this state, or so nearly similar thereto as to lead to confusion and uncertainty, nor shall the name of any person or partnership be assumed without the addition of some word or words designating the nature of at least one of the businesses to be carried on, followed by the word "Company," or "Corporation" and "Inc." The name assumed by the defendant, when incorporating, is not binding or conclusive on third parties, and the incorporation under this name is no defense in a suit for infringement.

On appeal by the defendants from a decision of the chancery court of Mobile County. Affirmed.

Tompkins & Kirkpatrick, of Mobile, for appellants.

Hugh M. Caffey, Jr., of Mobile, for appellee.

MAYFIELD, J.:—The bill is filed by appellee to enjoin appellant from the use of a trade-name so similar to that of appellee as to tend to deceive or mislead the public and to cause it to believe that it is dealing with the complainant, appellee. Appellee's trade-name is "Mobile Transfer," while that of appellant is "Mobile Transfer Company, Inc." There can be no doubt that the similarity of the two names is great enough to lead to such confusion, and to deceive the public by inducing it to deal with the one, when it intended to deal with the other. Both appellant and appellee are engaged, as their names indicate, in the transfer business, and they are therefore serving the traveling public. The evidence showed that confusion as to mail and business had occurred on account of such similarity of the trade-names. The evidence also showed that it was not to the interest of the public that both companies should operate under names so similar one to the other. The evidence showed further that the business of appellee was injured by appellant's use of the similar name.

It is contended by appellant that appellee wrongfully acquired its name by assuming that of an insolvent corporation which was dissolved by the chancery court, that appellee was the receiver of such corporation, and that the assumption of the name of the dissolved corporation by him, when he was or had been receiver of such corporation, was a fraud upon the stockholders thereof, and therefore that appellee does not come into court with clean hands.

Without deciding whether or not appellee had, or had acquired, the right to use the name of the insolvent corporation of which he was receiver, dissolved while he was acting in such capacity, or to use a name similar thereto, it is a sufficient answer to say that appellant does not claim under or through the rights of the dissolved corporation, or through any of its stockholders or creditors. In other words, appellant is a stranger to the defunct body corporate, and there is no evidence to show or tending to show that

any fraud, wrong, or injury has ever been done or ever will be done the public, or to such stockholders or creditors, by the use of the borrowed name by appellee. Appellee's use of the corporate name, or of a similar name, gives appellant no right to use the business name of appellee. If appellant is wrongfully using appellee's business name, it cannot defend by showing that appellee wrongfully acquired the name from a third party provided such acquisition and use of the name by him is no wrong or fraud against the public or against appellant. In the absence of wrong or fraud against the public or against the appellant, the court will not inquire into the question whether appellee rightfully acquired the trade-name which appellant is infringing upon or using to the wrong and injury of appellee. It also appears that appellee acquired the right to use his trade-name, or, at least, that he was so using it, prior to the time appellant was incorporated or began to use its trade-name.

Mr. High, in his work on Injunction, states the rule as to when equity will enjoin the use of a trade-mark or a trade-name as follows:

"To warrant the exercise of equitable jurisdiction in these cases, there must be: First, the existence of a trade-mark; second, the fact of an imitation, either directly or with such variations as are merely colorable; and, third, the fact that such imitation is made without the license or acquiescence of the owner. And courts of equity, in granting relief by injunction in this class of cases, proceed upon the principle that it is a fraud upon one who has established a trade and carried it on under a given name to permit another to assume that name, or the same name with a slight alteration, in such manner as to induce persons to deal with him in the belief that they are dealing with one who has given a reputation to that name. Where, therefore, plaintiffs have long been engaged in a given locality under a particular name, and defendant embarks in the same business under substantially the same name, with the intention of deceiving purchasers by inducing them to believe that it is plaintiffs' business, and he does so deceive them, a proper case is presented for relief by injunction." (Volume 2, p. 1069, § 1085.)

It was no defense that the appellant incorporated under the name by which it is doing business. Appellee was not a party to the proceedings by which appellant was incorporated, and, of course, was not bound by the acts or the proceedings of the court in which appellant was incorporated; while section 3446 of the Code provides that:

"No name shall be assumed which is identical with that of any corporation already existing in this state, or so nearly similar thereto as to lead to confusion and uncertainty, nor shall the name of any person or partnership be assumed without the addition of some word or words designating the nature of at least one of the

businesses to be carried on, followed by the word 'company,' or 'corporation,' and 'Inc.' "

This name assumed by the appellant when incorporated is not binding or conclusive on third parties, who were not, and could not be made, parties to the proceeding to incorporate.

It therefore follows that the decree of the chancellor must be affirmed.

ANDERSON, C. J., and SOMERVILLE and THOMAS, J. J., concur.

SIoux CITY ROBE & TANNING CO. v. SEARS

(156 N. W. Rep. 299)

Iowa Supreme Court

February 12, 1916

1. UNFAIR COMPETITION—VIOLATION OF INJUNCTION.

An injunction which enjoined the defendant from using or continuing the use of the words "Sioux City Hide & Fur Co." as a trade-name and from using the words "Sioux City" in connection with other words designating or indicating a business of dealing in hide, robes, fur or tanning was not violated by the defendant's receipt of mail and shipments in that name and actually intended for the defendant, within a few days after the injunction was issued, especially in view of the fact that the defendant adopted a new trade-name and took steps to notify its shippers of the change.

On writ of *certiorari* to review the action of the district court in certain contempt proceedings. Affirmed.

Sears, Snyder & Boughn, of Sioux City, for complainant.

Henderson & Fribourg, of Sioux City, for respondent.

WEAVER, J.:—C. J. Rick and others, as partners under the firm name of Sioux City Robe & Tanning Company, were doing business as dealers in furs and hides and as tanners at Sioux City. Volnie S. Powell and others, incorporated under the name of Sioux City Hide & Fur Company, were also carrying on a similar business at the same place. The first-named firm brought a suit in equity against the latter concern charging it with unfair competition and asking that it be perpetually enjoined therefrom and from using the firm name "Sioux City Hide & Fur Company," and especially enjoined from using the name "Sioux City" in connection with the name or description of its business of tanning or dealing in hides and robes. To this action the Hide & Fur Company

appeared and took issue upon the petition. Such further proceedings were had in such suit that a decree was entered therein for plaintiffs, the material part of which was in the following words:

"It is therefore ordered, adjudged, and decreed that defendants Volnie S. Powell, H. B. Powell, and Sioux City Hide & Fur Company, a corporation, the officers, directors, agents, attorneys, and representatives, of the said corporation, and the agents, attorneys, and representatives of the said Volnie S. Powell, and H. B. Powell, be and they are each hereby severally perpetually enjoined from using or continuing to use the words 'Sioux City Hide & Fur Company' as their trade-name.

"It is further ordered, adjudged, and decreed that the said defendants Volnie S. Powell, H. B. Powell, and the Sioux City Hide & Fur Company, a corporation, and its officers, directors, agents, attorneys, and representatives, and the agents, attorneys, or representatives of the said Volnie S. Powell and H. B. Powell, be and they are hereby perpetually enjoined from using the words 'Sioux City' in connection with other words designating or indicating a business of dealing in hides, robes, fur, or tanning."

The decree was entered May 24, 1915. In July, 1915, the plaintiffs in said action filed in the district court an information charging that defendants in violation and contempt of the decree and writ of injunction had wrongfully continued to use the business name of Sioux City Hide & Fur Company, and to use the word or name "Sioux City," in connection with their business name or designation, and upon these allegations asked that defendants be cited to answer for their alleged contempt. A citation was issued, and defendants appeared in obedience thereto, and denied that they had violated the injunctive order or decree. The principal evidence offered in support of the charge was the testimony of the freight agents of the several railroads entering Sioux City showing that between the date of the decree and the filing of the information a considerable number of packages and shipments of furs and hides had arrived at their several stations marked or directed to the S. C. or Sioux City Hide & Fur Company, and that said packages and shipments had been delivered to and received by the defendants. Some evidence was offered tending to show that the decree was entered by the consent of the parties, and that prior thereto there was some verbal understanding that after an interval of 10 days defendants would relinquish or turn over to plaintiffs all shipments and mail directed to the Sioux City Hide & Fur Company.

Upon this record we have to inquire whether the proved or admitted acts and conduct of the defendants constitute a clear

violation of the terms of the injunction. Turning to the decree by the terms of which the rights and duties of the parties must be measured we find defendants are thereby enjoined (1) from "using or continuing to use the words 'Sioux City Hide & Fur Company' as their trade-name"; and (2) from "using the words 'Sioux City' in connection with other words designating or indicating a business of dealing in hides, robes, fur, or tanning." Nothing is forbidden to the defendant, except the acts or things above specifically mentioned and such other, if any, as may be fairly implied therefrom. Unless we can say that such restraint is to be implied from that expressed, as above quoted, there is nothing in the decree denying defendants the right to receive the mail and accept the shipments which the senders and consignors actually intended for them. There is no evidence that at any time after the entry of the decree defendants advertised or bought or sold or made any claim of right to do business under the forbidden name or style, or did in fact receive any mail or shipments or consignments intended for the plaintiffs. On the contrary, the agents of the carriers called as witnesses by the plaintiffs testified that defendants informed them of the injunction and manifested much care to receive or accept such consignments only as were clearly intended for them. It also appears indirectly that upon the entry of the decree defendants adopted and thenceforward did business under the name of Powell Hide & Fur Company. It was perhaps the duty of defendants to notify their customers and consignors of the change in their business name, and there is nothing to show that they did not. On the contrary, the circumstances tend to show that they did make such effort, for the detailed reports by the several freight agents show that very soon after the date of the decree shipments began to arrive consigned to defendants under the name of Powell Hide & Fur Company. The consignments gradually increased, while those directed to the Sioux City Hide & Fur Company decreased. Much the larger part of those directed to the old name arrived and were received by defendants within less than 30 days after the entry of the decree, and very largely within 15 days thereafter. Naturally it would take some time to get the information of the change to the knowledge of the shippers, and to get the shippers who desired to deal with them in

the habit of using the new name, but when the contempt proceeding was begun the confusion in shipments had largely disappeared.

Had the court intended by its decree to deny the defendants the right to receive the mail and consignments of goods actually intended for them, it was an easy thing to so provide in clear terms, and we think it fair to assume that so important and unusual a restraint upon the liberty of a person in dealing with his own would not have been left to an uncertain implication. We think the decree is not open to the construction which the plaintiffs place upon it.

Whether the mere absence of intention to violate the injunction would be sufficient to relieve defendants from the charge of contempt, as suggested by the trial court, if the act complained of was clearly forbidden by the terms of the decree, we need not here consider or decide. Taking the decree as it reads and the undisputed facts as disclosed by the record we are clearly of the opinion that no violation of the injunction was shown, and that the court did not err in finding defendants not guilty of contempt. The result reached being right, it is not a material question whether all the reasons stated by the court for its ruling were sound.

We may further add, with reference to the alleged fact that prior to the decree there was a verbal understanding or agreement between the parties that defendants would turn over to plaintiffs all mail and consignments coming in the old trade-name of the former, that even assuming such arrangement to have been made its violation would not be a contempt of court. The sole question presented is whether a violation of the decree as written and entered was so clearly shown as to render the dismissal of the contempt proceedings an error for which the judgment below should be annulled and the cause remanded for a judgment of guilty. This inquiry we think must be answered in the negative.

The writ of certiorari will therefore be dismissed, and the judgment of the district court affirmed.

EVANS, C. J., and DEEMER and PRESTON, JJ., concur.

KAUFMAN V. KAUFMAN, et al.

(118 N. E. Rep. 691)

*Massachusetts Supreme Judicial Court**March 2, 1916*

1. UNFAIR COMPETITION—INFRINGEMENT OF TRADE-NAME—RELIEF.

Where the plaintiff has established a trade-name which is not strictly a trade-mark, as indicating that goods bearing it are put on the market by him, he is entitled to protection against unfair competition in its use by others only within the territorial boundaries where he has established his trade-name by actual commercial transactions and not outside that territory.

2. UNFAIR COMPETITION—EVIDENCE.

In a suit alleging unfair competition, it cannot be inferred without evidence that retail hat stores draw trade from towns sixteen, forty-five and seventy-three miles distant from the stores.

On appeal from a decree for plaintiff issued out of Superior Court of Worcester County. **Reversed.**

Louis E. Feingold and J. Fred Humes, both of Worcester, for appellants.

Charles H. Derby, of Worcester, for appellee.

RUGG, C. J.:—This is a suit to restrain the defendants from simulating the plaintiff's trade-name and from imitating the general appearance of the plaintiff's stores. The case was sent to a master, whose report shows the material facts in substance as follows: The plaintiff is a seller at retail of men's hats, who opened his first store in New York in 1900, and who now has forty-one stores in nine different states, including twenty-four in New York and Brooklyn, one in Providence opened in 1908, and two in Boston opened in 1910. He is not a manufacturer, but has hats made on his orders as to quality and style. The plaintiff advertised so extensively and in such manner and combination that the "name 'Kaufman' in the way the plaintiff used it in his several stores, considering the style of lettering (back-hand script), with the use of the figures \$1.50 and of the words 'The hats they talk about,' became so associated and identified with the plaintiff's business as to acquire a secondary meaning, and that when so used it came to mean one of the plaintiff's stores." In other words, he had acquired a trade-name in connection with his hat business. The defendants opened a retail hat store in Worcester in 1909, and in

New Haven and Woonsocket in 1914. In the conduct of their business in each of these cities, the defendants simulated the plaintiff's trade-name by conduct begun in Worcester, not when the store was first opened, but about two years after the plaintiff opened his Boston stores. The master recognizes the difficult question to be whether the plaintiff had acquired any "market" in the cities where the defendants maintained their stores, and in no one of which the plaintiff has or has had a store, and in that connection reports:

"There was no direct evidence as to the plaintiff's market for his several stores. The business was entirely retail and the territory covered by his trade was presumably much less in extent than in the case of such a business as was carried on in *Cohen v. Nagle* (190 Mass. 4 [76 N. E. 276, 2 L. R. A. (N. S.) 964, 5 Ann. Cas. 558]).

There was no evidence that the plaintiff ever advertised in Worcester, Woonsocket or New Haven, that a hat was ever sold to a person living in Worcester from any of the plaintiff's stores, that any person living in Worcester ever heard or knew of the plaintiff's Boston stores, or as to the volume of business done at either of the plaintiff's Boston stores. The master's finding in view of these facts is this:

"I find as a fact (if such finding is justified from the other facts found) that Worcester became a part of the plaintiff's natural market after the establishment of the Boston stores, and that after the defendant Philip changed his signs, they so closely resembled the plaintiff's signs as to be calculated to mislead the Worcester public into believing that the Worcester store was one of the plaintiff's stores, and that thereby the plaintiff was likely to be deprived of a part of his trade. I also find as facts (if such finding is justified from the other facts found) that Woonsocket, which is sixteen miles from Providence, was a part of the natural market of the Providence store, and that New Haven, which is seventy-three miles from New York, was a part of the natural market of the twenty-four New York and Brooklyn stores, and that the plaintiff's trade-name was established in Woonsocket and New Haven before the defendants opened their stores there, and that the defendant's signs so closely resembled the plaintiff's trade-name that the public were likely to be misled into believing that the defendants' stores were stores conducted by the plaintiff, and that the plaintiff was thus likely to be deprived of trade which fairly belonged to him."

It was decided in *C. A. Briggs Co. v. National Wafer Co.* (215 Mass. 100, 102 N. E. 87, Ann. Cas. 1914C, 926), after ample review of the authorities and a full discussion of principles, that where a plaintiff has established a trade-name which is not strictly a trade-mark, as indicating that goods bearing it are put upon the market by him, he is entitled to protection against unfair competi-

tion in its use by others only within the territorial boundaries where he has established his trade-name by actual commercial transactions, and not outside that territory. As was said by Mr. Justice Sheldon at pages 106, 107 of 215 Mass., at pages 89, 90 of 102 N. E., Ann. Cas. 1914C, 926, the vendor who has built up a trade-name by the use of particular words, "has a right to be protected in selling his goods against the unfair competition of any others who may seek by imitating his brands * * * to palm off their goods as his. * * * Where the words have not gained that meaning, no rights of the plaintiff are infringed by the defendant's use of them. The defendant has the right to imitate * * * where this involves no * * * attempt to get the benefit of the public's desire to have goods [from the plaintiff]. * * * The gist of the action is not the harmless use of the particular words and symbols, but the appropriation of the plaintiff's business." This is the statement of the law which governs the case at bar. *Holbrook v. Nesbitt*, 163 Mass. 120, 39 N. E. 794; *Hanover Star Milling Co. v. Allen & Wheeler Co.*, 208 Fed. 513, 125 C. C. A. 515 [3 T. M. Rep. 521]; *Munn & Co. v. Americana Co.*, 83 N. J. Eq. 309, 91 Atl. 87 [6 T. M. Rep.—].

The plaintiff is entitled to relief only on the ground of unfair trade competition or interference with his established rights. The trade-name and symbols of the plaintiff cannot extend into regions where his goods are not sold, where he has no customers, and where he has no trade. There can be no recovery unless it appears that there has been a wrongful appropriation by the defendant of trade which belonged to the plaintiff. The mere use of a trade-name which one person has found highly successful in bringing his goods to the favorable attention of the public in one business territory, by another person in another business territory, constitutes no actionable wrong. Actual or probable deception of the public to the harm of the plaintiff is the basis of the action. There can be no unfair competition unless the plaintiff is actually a rival for the trade which the defendant secures.

The master having found expressly that there was no evidence as to the area from which the plaintiff drew his custom for his several stores, the bald question presented is whether it can be inferred without evidence that two retail hat stores in Boston

draw trade from Worcester, twenty-four such stores in New York and Brooklyn, from New Haven in the state of Connecticut, and one in Providence, from Woonsocket, both in the state of Rhode Island, the distance between these several cities being forty-five, seventy-three, and sixteen miles respectively.

There is nothing remarkable or peculiar about stores for sale at retail of men's hats. As matter of common knowledge it must be presumed that there are numerous such stores in each of the cities where the defendants do business. Men's hats are common articles of trade of universal use. Those of the plaintiff are all of the uniform price of one dollar and a half. Manifestly the territory from which a retail store draws its custom must be much more restricted than that of a wholesale store or manufactory. Where there is but a single article of men's apparel, of which usually there are not many in use by one person during the same period of a price not exceeding one dollar and a half, the trade territory of a store or stores in a single city would not as matter of common knowledge extend into other cities.

Doubtless it is not necessary to show, in a case of unfair competition, that particular customers have been diverted, in order that a plaintiff may recover. It is enough if the infringer operates in the territory from which the owner of the trade-name draws his patronage. But there must be some evidence to show the facts before it can be inferred that every retail haberdasher's store has a trade circle with a radius of seventy-five miles. It does not seem easy to infer that men would travel from sixteen to seventy-three miles from cities like Woonsocket, Worcester and New Haven to spend one dollar and a half for a hat.

It was held in *C. A. Briggs Co. v. National Wafer Co.* (215 Mass. 100, 102 N. E. 87, Ann. Cas. 1914C, 926), that although the plaintiff's trade-name and commercial territory as to a wholesale selling of confections, comprehended numerous states including Ohio, Michigan, Virginia and West Virginia, it could not be presumed or inferred that use of that trade-name by the defendant in the adjoining states of Illinois, Indiana, Tennessee and Kentucky and other neighboring states, was unfair competition, or that the defendant's goods were there palmed off as the goods of the plaintiff, when there was no evidence that the plaintiff's business in

fact was carried on in those states. The inference without evidence that retail trade in men's hats extends so far away from the plaintiff's stores into other cities well known as commercial centers, as in the case at bar, seems quite as unwarrantable as the inference held unjustified in the Briggs Co. Case; (*Eastern Outfitting Co. v. Manheim*, 59 Wash. 428, 110 Pac. 23, 35 L. R. A. (N. S.) 251). The case at bar is plainly distinguishable from *Samuels v. Spitzer* (177 Mass. 226, 58 N. E. 693), where there was explicit evidence that the trade territory of the plaintiff's business house, although located in Rhode Island, extended into southeastern Massachusetts. No argument has been addressed to us that any distinction is to be made between the stores of the defendant in Woonsocket, Worcester and New Haven, as to the inferences to be drawn as to their unfair competition. There seems no reason for making any difference between them. It follows that the facts found by the master did not justify the ultimate fact found of unfair competition by the defendants with the business of the plaintiff.

Decree reversed.

Decree to be entered dismissing bill.

HUFF V. WALLACE

(97 Atlantic Rep. 45)

New Jersey Supreme Court

March 8, 1916

1. TRADE-MARKS—TRADE-NAME—ABANDONMENT.

Where an innkeeper rented the garage connected with his hostelry and permitted the lessee to put up his own sign and do business under the name thereon, he abandoned any exclusive right in the name as applied to a garage, even though the name was identical with that of his hostelry.

On appeal from a decision of the court of common pleas, Warren County, in favor of the plaintiff. Reversed and remanded.

For the decision of the court of chancery, see 5 T. M. Rep., 180.

Argued before the CHIEF JUSTICE, and SWAYZE and BERGEN, JJ.

George A. Angle, of Belvidere, for appellant.

Harlan Besson, of Hoboken, for respondent.

SWAYZE, J.:—Two causes of action are set forth in the complaint: (1) Libel; (2) conversion. The libel alleged consisted in letters written to the freight agents and express agents of the various railroads at Blairstown, forbidding them to deliver express or freight addressed "Blairstown Garage" to any one but the defendant or his representative, and alleging that "certain parties have been using the name Blairstown Garage for fraudulent commercial purposes." The conversion alleged was of certain automobile supplies which seem to have been addressed to Blairstown Garage, and to have been taken by defendant, although claimed by the plaintiff. The foundation of the litigation is conflicting claims to the trade-name "Blairstown Garage." The facts are as follows:

Prior to April 1, 1912, one Stout had been conducting a tavern known as the "Blairstown House." In connection therewith, he had a garage, which seems to have been no more than an adjunct to the tavern. On April 1, 1912, he rented this garage to the defendant Wallace, who conducted it for two years as an independent business under the name "Blairstown Garage." A sign was put up by Wallace bearing that name. Prior to April 1, 1914, Wallace was notified to vacate. Thereafter, in January, 1914, he filed with the county clerk a certificate that he intended to carry on business under the name of "Blairstown Garage." When his tenancy expired, he took with him the sign and moved to another part of the town where he has since conducted business under that trade-name. Stout rented the garage to Huff from April 1, 1914, and Huff has there conducted business under the same name as the defendant.

It is rather difficult to say what precise question was submitted to the jury. It is enough to say in this respect that the charge is based on a fundamental misconception of the rights of the parties. The judge charged that the name Blairstown Garage belonged to the hotel; to the place and not to the person. He drew this conclusion from what he conceived to be the legal duty of a licensed tavern keeper to provide a garage for automobiles, either in lieu of, or in addition to, the statutory obligation to provide stabling and provender. Holding this view, he charged that the plaintiff as Stout's lessee had a right to the enjoyment of the name "Blairstown Garage" without being interfered with by the defendant.

If we could bring ourselves to the view that "stabling and provender," which of course originally meant stabling and provender for horses or cattle, has now come to mean a garage for automobiles, including, we suppose, a supply of gasoline and repairs, we should still be unable to see how Stout could claim any right by reason of the statute, since, confessedly, from April 1, 1912, he failed to perform this supposed duty of a tavern keeper and rented out the garage to the defendant for two years, and to the plaintiff since. Clearly, whatever right there may be to the use of the name "Blairstown Garage" must be determined as a matter of fact from all the circumstances, and cannot be based as a matter of law upon the mere fact that Stout was a licensed tavern keeper. Apparently if he ever had an exclusive right to the name, he had abandoned it when he rented the garage and allowed the defendant to set up a sign and conduct business under the name.

The judge repeated his error when he charged that, whatever right the hotel keeper had in the hotel, he had the same right in the garage, as a part of the hotel. It is true that he afterward charged that, if the plaintiff or Stout had acquired the name and was known to the public as Blairstown Garage, then the plaintiff, as Stout's lessee, should have the right to have the name protected. This, however, did not correct the previous error, since it still left it open for the jury to find that Stout had acquired the right to the name as matter of law from the mere fact that he had the tavern license. That the judge himself did not mean to qualify his earlier charge is shown by his subsequent charge that if the jury found that the defendant had no right to use the name "under the law as I charge you," and that the plaintiff had, on account of being the lessee of the proprietor of the hotel, "using this part as a garage, then you must give him some damages."

We think this error is fatal if the question is properly raised. The exceptions no doubt suffice. The difficulty is with the grounds of appeal. The sixth ground sets forth a large part of the charge, more than two printed pages. This fails to specify as the law requires the specific legal error. (*Oliver v. Phelps*, 21 N. J. Law, 597, 609.) The case was not one for a nonsuit or direction of a verdict, since the jury might have inferred malice on the part of the defendant in writing the letters charging fraudulent

commercial purposes, and might have inferred that the chattels alleged to have been converted were in fact the property of the plaintiff, regardless of whether he owned the trade-name of Blairstown garage.

We have come with some hesitation to the view that the eighth ground of appeal presents the question. It reads as follows:

"The verdict of the jury, under the charge of the court, was based on facts not involved in the issue raised by the pleadings."

We think this is equivalent to an averment that a false issue was left to the jury. We agree that such is the case. The judgment is reversed, but without costs. The record must be remitted for a new trial.

WONDER-MIST COMPANY, INC. V. MARVEL MIST MFG. CO., INC.

(New York Law Journal, March 10, 1916)

New York Supreme Court

Special Term, Kings County, March 9, 1916

1. TRADE-MARKS—INFRINGEMENT—CONFLICTING MARKS.

The word "Marvel" in connection with the word "mist" is too close a simulation of the word "Wonder-mist," and its use on similar goods should be enjoined.

TRADE-MARKS—DESCRIPTIVE WORDS.

The word "mist" is descriptive of the goods on which it is used, and its use may therefore not be enjoined.

In Equity. Decision for the plaintiff.

George H. D. Foster, of New York City, for plaintiff.

Aaron William Levy, of New York City, for defendant.

CRANE, J.:—After reading the briefs submitted and the cases therein cited I am more than ever convinced that my opinion as expressed at the close of the trial is the correct one, and I shall therefore enjoin (1) the defendants from using the word "marvel" in connection with the word "mist." It is too close an imitation of the plaintiff's trade-mark "Wonder-mist." (2) The case of *Waterman v. Shipman* (130 N. Y., 301) is in line with my refusal to enjoin the use of the word "mist." This word is a word of description. (3) I shall also enjoin the use of the yellow label if placed upon cans similar to the exhibits. The labels must be of

some other distinctive color. (4) I shall not enjoin the use of cans of the shape of the exhibits introduced. (5) The phraseology of the circulars, &c., is not harmful, provided the trade-mark and coloring of the labels is such as to show distinctly and markedly a different manufacturer from the plaintiff. I shall give costs of the action, but no allowance to the plaintiff.

SCHINASI, et al. v. SCHINASI, et al.

(New York Law Journal, April 27, 1916)

New York Supreme Court

Special Term, New York County, April 25, 1916

TRADE-NAMES—UNFAIR COMPETITION.

The right to use one's name in connection with the sale of a commodity cannot be gainsaid, and this regardless of the circumstance that such user incidentally may injuriously affect a competitor with a similar name, whose wares under his name had theretofore acquired a reputation of great value. But a person may not abuse this right by the employment of methods calculated or designed to deceive the public respecting the identity of the article produced and sold by him, so as to induce the belief that it is the well known production of another having a similar name.

In Equity. On final hearing. Decree for plaintiff.

For the decision of the appellate division, reversing the order granting an injunction *pendente lite*, see 5 T. M. Rep., 492.

Stanchfield & Levy, of New York City (*John D. Stanchfield and Sidney W. Solomon*, of counsel), for plaintiff.

Herman Hoffman, of New York City, for defendant.

GREENBAUM, J.:—The right to use one's name in connection with the sale of a commodity cannot be gainsaid, and this regardless of the circumstance that such user incidentally may injuriously affect a competitor with a similar name, whose wares under his name had theretofore acquired a reputation of great value (*Home Scale Co. v. Wyckoff, Seamens & Benedict*, 198 U. S., 119). But a person may not abuse this right by the employment of methods calculated or designed to deceive the public respecting the identity of the article produced and sold by him, so as to induce the belief that it is the well known production of another having a similar name (*Singer Mfg.*

Co. v. June Mfg. Co., 163 U. S., 169). The plaintiffs claim that the defendants have deliberately resorted to artifice and trickery in the adoption of a dishonest scheme for the manufacture and sale of their cigarettes, with the intention of deceiving the public into the belief that the cigarettes sold by them were in reality those manufactured by the plaintiffs. The case thus narrows itself to the inquiry whether the plaintiffs have pursued dishonest and unfair practices in the sale of their goods. The plaintiffs have been in business for upwards of twenty years as manufacturers of cigarettes made of pure Turkish tobacco. Their principal brands are known as "Egyptian Prettiest," "Egyptian Prettiest, 'Superfine,'" and "Schinasi Bros. Natural." They have spent approximately a million dollars in advertisements which feature their firm name "Schinasi Bros." as well as their particular brands. The wares of the plaintiffs have acquired a wide reputation among cigarette smokers as a pure Turkish tobacco cigarette, and are often purchased and sold under the name of the Schinasi cigarette. Plaintiffs' sales have averaged for a number of years nearly three millions of dollars annually. The three defendants are brothers who were born in Russia, whose surname is now "Schinasi," although before immigrating to this country they spelt their name variously as follows: "Scharkaywaze," "Askenawi" and "Skenazi." From 1907 to 1914 two of them, to wit, Louis and Abraham Schinasi, were engaged in the fur business under the firm name of "Schinasi Bros." They were adjudged bankrupts in 1913, and after effecting a compromise with their creditors continued in the fur business for another year. The third brother came to this country about three years ago. He was a watchmaker, and he is now plying that trade. It is established by the proofs that after their unfortunate venture in the fur business one of the brothers evolved the idea that their firm name "Schinasi Bros." might be utilized as a valuable asset in connection with the sale of cigarettes, in view of the reputation achieved by the plaintiffs in their cigarette business. It was proved that defendants first made unsuccessful efforts to sell the use of their names to other cigarette manufacturers. They finally embarked in the cigarette business by procuring a manufacturer to manufacture cigarettes for them, they supplying the tobacco, paper, labels,

boxes and wrappers. They selected as the name of their cigarettes the word "Specials," and used boxes or packages wholly unlike any of those used in the sale of plaintiffs' various brands, each of which has a distinctive and different dress. The outside of each of defendants' boxes contained a notice printed in small type reading as follows: "Notice. We have no connection with Schinasi Bros., manufacturers of Natural and Egyptian Cigarettes." A similar notice was printed on the inside of the cover of each box. The name "Schinasi Bros." appears on defendants' boxes in prominent type, and directly below it the word "Specials" is conspicuously printed. Further down are the words "Turkish Cigarettes" in large, clear letters. Inside the box and wrapped around the cigarettes is a label reading as follows: "We use Turkish tobacco only, and knowing that quality is the main question, 'Specials' is the answer." As matter of fact, the defendants' cigarettes were not made of Turkish tobacco only. They were made of Maryland tobacco blended with a very small quantity of Turkish tobacco. Defendants' cigarettes were deliberately marketed under the name of "Special" with the intention of bringing them into competition with the plaintiffs' brand known as "Egyptian Prettiest." They were sold to the consumer at the same stands and stores where plaintiffs' cigarettes were sold, and at the same prices, to wit, 7 cents a box, and at 1 cent for the single cigarette. But to the retail dealer they were sold at a lower price than the plaintiffs' cigarettes. It was established upon the trial that at the stands and small shops where the cigarettes are sold singly for one cent the retailer would make the sale from a broken box, which he would retain in his hand and from which the purchaser either helped himself or would be helped. It also was shown that the plaintiffs' "Egyptian Prettiest" was frequently described by the customer as well as by the retail dealer as the "Schinasi's Cigarette." It is evident that an increased profit was held out as an inducement to the retailer deceptively to substitute or "switch" defendants' product for plaintiffs', and that defendants deliberately devised the scheme to accomplish this result. The defendants argue that the boxes, packages and labels were wholly unlike those in which the plaintiffs' goods were marketed; that the name "Specials" was not one used by the plaintiffs, and that the

notice specifically directed attention to the fact that they were not connected with the plaintiffs, and hence that no fraud or imposition was or could be perpetrated upon the plaintiffs by the defendants' methods. This apparent display of fairness is more plausible than convincing. The speciousness of the argument is apparent when it is realized that the plaintiffs vend cigarettes under various brands, each being packed in distinctive boxes, with distinctive labels. The change of box label, coupled with the word "Specials" in connection with the name "Schinasi Bros.," and the statement that they were made of Turkish tobacco only, would merely suggest to the unsuspecting smoker of the Schinasi cigarettes that the plaintiffs had put upon the market a new special kind of cigarette. The notice printed in small type that the manufacturers of the "Specials" were not connected with the plaintiffs clearly is a mere pretense of honest dealing. This pretense was strikingly exemplified by their advertisements in the Yiddish papers, in which the brand "Specials" and the name "Schinasi Bros." in connection therewith were printed in very large display type in Yiddish, while the special notice, ostensibly intended to apprise the public that the defendants were not connected with the plaintiffs, appeared in English in small type in one corner of the same advertisement. Large numbers of cigarette smokers on the East Side are not familiar enough with English to read this notice, or, if familiar therewith, would scarcely be expected to read it. Indeed, it was established that even the average person thoroughly familiar with English would not ordinarily take the trouble to read such a notice. In addition to the unfair methods discussed it was shown that some of defendants' salesmen indulged in deliberate deception in stating to dealers to whom they endeavored to sell cigarettes that the defendants who now are manufacturing the "Specials" were brothers of the original firm of Schinasi Bros., from whom they had separated. The conclusion seems inevitable that the misrepresentations of the defendants as to the character of the tobacco used in their cigarettes and their practices as above indicated were calculated to deceive and confuse those who were accustomed to purchase the plaintiffs' cigarettes and wrongfully injure the latter in their business. The plaintiffs are entitled to a judgment restraining the defendants

from using the firm name "Schinasi Bros." or "Schinasi Brothers" in the sale of cigarettes. They may be permitted to use the name "Schinasi" conjoined with their names Louis, Abraham and Michael, or either of them, as, for example, Louis Schinasi and Company. The court will entertain suggestions upon the settlement of the decree as to the manner in which defendants may advertise their names in connection with the sale of cigarettes.

SUPREME WAIST, INC. V. YAGER

(New York Law Journal, January 30, 1916)

New York Supreme Court

Special Term, New York County, January 29, 1916

1. TRADE-MARKS—GENERIC TERMS.

The word "supreme" is a generic and descriptive term, and not the subject of exclusive appropriation as a trade-mark.

On motion for an injunction *pendente lite*. Denied.

M. Schenkman, of New York City, for plaintiff.

Barnett & Jablow, of New York City, for defendant.

DONNELLY, J.:—The word "supreme" is a generic term in common use and in its nature descriptive and therefore an exclusive proprietary interest in its use may not be acquired (*Koehler v. Sanders*, 122 N. Y., 65; *Cooke & Cobb Co. v. Miller*, 169 N. Y., 475; *Barret Chemical Co. v. Stern*, 176 N. Y., 27). In addition thereto the affidavits are so conflicting that the plaintiff has failed to sustain the burden which would entitle it to an injunction *pendente lite* where such injunction asked for is the same as demanded in the complaint (*Weis v. Herlihy*, 23 A. D., 608; *Stockton v. City of Buffalo*, 108 A. D., 170). Motion is therefore denied.

STEINWENDER-STOFFREGEN COFFEE CO. V. NATIONAL GROCER CO.

(226 O. G., 1433)

District of Columbia Court of Appeals

March 6, 1916

1. TRADE-MARKS—INTERFERENCE—PRIOR USE.

Evidence of applicant's use of mark prior to first date of use relied on by registrant held sufficient.

For the decision of the commissioner of patents from which this appeal was taken, see 6 T. M. Rep., 148.

Wm. Small for appellant.

Titian W. Johnson, for the appellee.

SHEPARD, C. J.:—This is an interference proceeding in the Patent Office between rival claimants of the trade-mark "Pathfinder" for coffee.

The application of the National Grocer Company was made December 30, 1913. The Steinwender-Stoffregen Coffee Company had registered the trade-mark on March 28, 1910.

The applicant introduced evidence tending to show the adoption and use of the brand Pathfinder in 1906, and continued use to date.

This company had branches in Michigan and Indiana to which the coffee was shipped, generally in one-pound bags, labeled "Pathfinder." The use was constant in Michigan, and evidence showed that shipments were made to branches in South Bend, Indiana, and there exposed for sale to customers.

The Steinwender-Stoffregen Coffee Company took no testimony, but relied on their register date.

The Examiner of Interferences and the Commissioner both found that the evidence was sufficient to show the adoption and use of the trade-mark by the National Grocer Company both in intrastate and interstate commerce since 1906.

We agree with their conclusion, and the decision is affirmed.

This decision will be certified to the Commissioner of Patents.

THE CANTON CULVERT AND SILO CO. v. CONSOLIDATED CAR-HEATING CO.

(256 O. G., 1799)

*District of Columbia Court of Appeals**March 6, 1916*

1. TRADE-MARKS—OPPOSITION—SIMILARITY OF GOODS.

The trade-mark "Nokoro" for electrical resistances, held to conflict with the trade-mark "No-Co-Ro" used on sheet metal said to be particularly adapted for use for electrical resistances.

2. TRADE-MARKS—APPROPRIATION.

Where one person has adopted a mark and has established a trade reputation in connection therewith, and another person adopts substantially the same mark without any legitimate reason or excuse, the court will not, in view of such manifest appropriation, indulge in refinements.

For the decision of the commissioner of patents from which this appeal was taken, see 5 T. M. Rep., 375.

Harry Frease, for the appellant.

Wm. S. Hodges, for the appellee.

ROBB, J.:—This appeal is from a decision of an Assistant Commissioner of Patents dismissing appellant's opposition to the registration by the appellee of the word "Nokoro" as a trade-mark for "*electrical resistances, electrical apparatus,*" etc.

In its application for registration appellee alleges that it has used this mark since July 1, 1914. In its notice of opposition appellant alleges that it has used the word "No-Co-Ro" since February, 1909, as a trade-mark in connection with the sale of sheet metal; that this sheet metal—

is adapted to be used as a supply for electrical apparatus and machines, and is particularly adapted to be used for electrical resistances.

The notice contains the usual averments that confusion in trade would be likely to result from the registration of substantially the same mark by appellee. Appellee filed a motion to dismiss this opposition, which motion was granted and this appeal followed.

It of course is not disputed that the two marks are substantially identical. The tribunals of the Patent Office appear to have accepted the contention of appellee that an electrical resistance is an organized apparatus, as a rheostat, and hence that the so-

called "raw material" of appellant does not respond to the term. We cannot accept this view. In the notice of opposition, the averments of which must be accepted as true for the purposes of this appeal, it is stated that appellant's sheet metal—is *particularly adapted to be used for electrical resistances*.

It is familiar doctrine in this court that the owner of a trade-mark will not be hampered or embarrassed in the legitimate extension of his business by the registration of the mark to another. (*In re Braadland*, 37 App. D. C., 602 [2 T. M. Rep. 88]; *Wolf & Sons v. Lord & Taylor*, 41 App. D. C., 514 [4 T. M. Rep. 219]; *Simplex Electric Heating Co. v. Gold Car Heating & Lighting Co.*, 43 App. D. C., 28 [5 T. M. Rep. 200]; *Fishbeck Soap Co. v. Cleano Mfg. Co.*, 44 App. D. C., — [5 T. M. Rep. 327]). Appellant was the first to adopt this mark and has established a trade reputation in connection therewith. There was no legitimate reason or excuse for its adoption by appellee upon this line of goods, and we are not disposed to indulge in refinements where such a manifest appropriation appears.

The decision is reversed and the opposition sustained.

DECISIONS OF THE COMMISSIONER OF PATENTS

Goods of the Same Descriptive Properties

NEWTON, A. C.—Popcorn and candy or chocolates are not goods of the same descriptive properties. (Citing: *Powell v. The Squirrel Brand Co.*, 116 Ms. Des., 323 [5 T. M. Rep., 258]; *Dunstan Co. v. The Autosales Gum & Chocolate Co.*, 113 Ms. Dec., 265 [4 T. M. Rep. 412].)¹

NEWTON, A. C.—Engine or lubricating oils are not goods of the same descriptive properties as kerosene, gasoline, naphtha or a mixture of kerosene or gasoline. There is no hard and fixed rule to determine what goods are of the same descriptive properties, but it is generally held that where the goods have the same use, they are of the same descriptive properties. (Citing:—*G. & J. Tire Co. v. G. & J. Motor Car Co.*, 190 O. G., 550 [3 T. M. Rep., 243]; *In re Independent Breweries Co.*, 182 O. G. 251 [2 T. M. Rep.,

¹*Walter C. Moore v. Novelty Candy Co. v. Dolly Varden Chocolate Company*, 118 Ms. Dec., 426, January 18, 1916.

423]; *Murals Co. v. National Lead Co.*, 165 O. G. 475 [1 T. M. Rep. 50]; *Hump Hairpin Co. v. DeLong Hook & Eye Co.*, 190 O. G. 1032 [3 T. M. Rep., 238]; *Anglo American Incandescent Light Co. v. General Electric Co.*, 215 O. G. 325 [5 T. M. Rep., 330].¹

NEWTON, A. C.—Chewing gum and confections, including chocolates, butter scotch, candy and the like, are not goods of the same descriptive properties. There are many marks registered for different people for the two sorts of goods, which, while sometimes sold by the same people are not made by them. Chewing gum is more commonly sold on corners by street pedlers and serves a different use. The opposition should therefore be dismissed.² (Citing: *G. & J. Tire Co. v. G. & J. Motor Car Co.*, 190 O. G. 550 [3 T. M. Rep., 243]; *In re Independent Breweries Co.*, 182 O. G. 251 [2 T. M. Rep., 243]; *Muralo Co. v. National Lead Co.*, 165 O. G. 475 [1 T. M. Rep., 50]; *Hump Hairpin Co. v. De Long Hook & Eye Co.*, 190 O. G. 1032 [3 T. M. Rep., 238]; *Anglo-American Incandescent Light Co. v. General Electric Co.*, 215 O. G. 325 [5 T. M. Rep., 330].)

NEWTON, A. C.—All roofing material may not be said to be of the same descriptive properties, but the applicant and the opposer make roofing of the same class to the extent that they are manufactured roofings prepared and finished for immediate use by the buyer, and under such circumstances, it is believed that the trend of decisions is against considering these goods as not of the same descriptive properties. There is no hard or fixed rule, but where the goods are put to the same use, they will generally be held to be of the same descriptive properties.³ (Citing: *G. & J. Tire Co. v. G. & J. Motor Car Co.*, 190 O. G. 550 [3 T. M. Rep., 243]; *In re Independent Breweries Co.*, 182 O. G. 251 [2 T. M. Rep., 243]; *Muralo Co., v. National Lead Co.*, 165 O. G. 475 [1 T. M. Rep., 50]; *Hump Hairpin Co. v. De Long Hook & Eye Co.*, 190 O. G. 1032 [3 T. M. Rep., 238]; *Anglo American Incandescent Light Co. v. General Electric Co.*, 215 O. G. 325 [5 T. M. Rep., 330].)

¹Ex parte, Red Seal Oil Company, 119 Ms. Dec., 9, February 8, 1916.

²Ruckheim Brothers & Eckstein v. Texas Gum Company, 119 Ms. Dec., 28, February 12, 1916.

³Asbestos Shingle Slate and Sheathing Co. v. Philip Carey Mfg. Co., 119 Ms. Dec., 71, February 5, 1916.

Function of Examiner

EWING, C.—It is the function of the examiner of trade-marks to judge in the first instance whether an application should be rejected or given registration. Apparent inconsistencies in his rulings will inevitably develop from time to time because of his attempt to apply precedents established by higher tribunals in a field where distinctions are in their nature fine and difficult. This does not justify overruling his decision by the exercise of supervisory authority.

There is no question of oversight in this case as the matter has been brought to the examiner's attention by the petitioner twice; nor is there any substantial right in jeopardy because the pending opposition gives opportunity to raise all pertinent objections to the registration of the applicant's mark.¹

Effect of Disclaimer

NEWTON, A. C.—The Applicant applied for the registration of the words "Sexton's Silverbar Soap," the letter "S" extending in front of all the words, as a trade-mark for soap, and filed the following disclaimer: "No exclusive right is claimed in the words Sexton's Soap, nor in the word Silverbar." The applicant has virtually disclaimed the entire mark.

Prior registrations show that no one is entitled to the use of the word "silver" as a trade-mark for soap. If the applicant will cancel the disclaimer in so far as it applies to the other words, the mark may be passed for publication and registered if no opposition arises.²

Descriptive Words

NEWTON, A. C.—The words "Rain Water Crystals" as a trade-mark for a water softening compound are sufficiently arbitrary for registration. The words "Soft Water Crystals" would be descriptive. The word "crystals" is not of itself descriptive, because the crystals do not convert the water.³

¹Ex parte, John C. Dowd & Co., 118 Ms. Dec., 320, December 9, 1915.

²Ex parte, John Sexton & Company, 118 Ms. Dec., 427, January 18, 1916.

³National Chemical Co. of California 119 Ms. Dec., 74, February 25, 1916.

Conflicting Marks

NEWTON, A. C.—The word “Chocolac” as a trade-mark for a drink consisting of cocoa, milk and sugar does not conflict with the trade-mark “Chocoline” for a dietetic drink.

The goods are somewhat different and there are numerous marks having the first syllable “choc.” The mark should be passed for publication and registered if no opposition arises. (Citing: *Ex parte, Westheimer*, 111 Ms. Dec., 491 [4 T. M. Rep. 129]; *Ex parte, Smith Mfg. Co.*, 114 Ms. Dec., 19 [4 T. M. Rep. 449]; *Feil v. Robbins*, 220 Fed. Rep. 650 [5 T. M. Rep. 163].)¹

NEWTON, A. C.—The representation of a barn having written across it in large letters the word “Fleming” as a trade-mark for veterinary medicines, is not anticipated by the picture of a barn with a silo at one end as a trade-mark for external remedies for animals.

The representation of a barn is a common feature of trade-marks for veterinary medicines, and in this case is dominated by the word “Fleming.” The mark should therefore be passed for publication and registered if no opposition arises.²

NEWTON, A. C.—A trade-mark for shoes consisting of a medallion having a bottom of a human foot enclosed on three sides with an outlined scroll border and having the words “Healthy-Fut” above the foot and within the border, should be passed for publication and registered if no opposition arises. In view of prior registrations of trade-marks for the same goods containing the word “Health,” the word is of doubtful validity as a trade-mark for shoes, as is also the representation of a foot.³

NEWTON, A. C.—The trade-mark “Our Dainty Maid” is properly refused registration in view of the prior registrations of “Dainty” and “Mademoiselle Dainty,” as trade-marks for goods of the same descriptive properties.⁴ (Citing: *Ex parte, Caire*, 15 O. G. 248; *Ex parte, Ginter*, 22 Ms. Dec., 236; *Ex parte, Hillyard*, 41 Ms. Dec., 240; *Ex parte, N. Y. Powder Co.*, 59 Ms. Dec., 142; *Benedick v. Benedictus*, 12 R. P. C. 25).

¹ *Ex parte, William Cruger Cushman*, 118 Ms. Dec., 387, December 31, 1915.

² *Ex parte, Fleming Brothers*, 118 Ms. Dec., 434, January 18, 1916.

³ *Ex parte, Sinsheimer Bros. & Company*, 118 Ms. Dec., 397, January 8, 1916.

⁴ *Vallier & Spies Milling Co. v. New Century Co.*, 119 Ms. Dec., 12, February 8, 1916.

NEWTON, A. C.—A trade-mark consisting of the representation of a dog holding in its mouth a stocking and having its fore paws on the other end of the stocking, is not anticipated by a mark consisting of the representation of the head of a dog, probably a terrier, surrounded by a circular background, all on the representation of a ribbon having written thereon below the dog's head the words "First Prize," and above the dog's head the words "Boston Terrier."

As a general proposition, it is the practice to refuse registration of a part of a dog, for example its head, in view of the prior registration of the entire dog, or the representation of one species of a dog over another species, since in either case the goods would be known as "dog brand." But the idea conveyed here in the prior registration is plainly that of a terrier alone, while the dominant idea of the applicant's mark is the strength of its hosiery brought out by the dog's effort to tear the same. The mark should be passed for publication and registered if no opposition arises.¹ (Citing: *Bickmore Gall Cure Company v. Karns Mfg. Co.*, 126 Fed. Rep., 573; *Summit City Soap Works v. Standard Soap Co.*, 174 O. G. 587.)

NEWTON, A. C.—The trade-mark "Coswos" is anticipated by "Cosmo" for goods of the same descriptive properties, and is properly refused registration. (Citing: *Ex parte, Price Flavoring Extract Co.*, 163 O. G. 728 [1 T. M. Rep., 200]; *Ex parte, Hires Co.*, 180 O. G. 879 [2 T. M. Rep., 346]; *In re, Barrett Manufacturing Co.*, 167 O. G. 513 [1 T. M. Rep., 122]; *Seubert v. Santaella & Co.*, 166 O. G. 987 [1 T. M. Rep., 42].)

NEWTON, A. C.—This is a petition from the refusal of the examiner of trade-marks to register the word "Unika" as a trade-mark for rubber boots and shoes in view of the prior registration "Unico" for boots and shoes. The applicant submitted affidavits to the effect that this mark had never been used on boots and shoes.

While the goods are of different descriptive properties, the question raised here is one which before consideration by the commissioner requires an appeal following the analogy of patent practice, wherein the sufficiency of an affidavit to overcome a

¹ *Ex parte, E. Sutro & Company*, 119 Ms. Dec., 14, February 8, 1916.

² *Ex parte, John T. Stanley Company, Inc.*, 119 Ms. Dec., 23, February 11, 1916.

reference has always been regarded as a question of merit and appealable, and this petition therefore must be and accordingly is dismissed.¹

Efficiency of Affidavit

NEWTON, A. C.—The refusal to register [*Ex parte, L. Candee Co.*, 119 Ms. Dec., 48; 6 T. M. Rep.,—] was based upon the insufficiency or incompetency of affidavits to show non-use of the mark on rubber boots and shoes. The sufficiency of affidavits to overcome reference has always been appealable to the examiner-in-chief in patent cases, and following that practice the application should be dismissed and its request for rehearing denied.²

Pictorial Representation of Patented Article

NEWTON, A. C.—This is an appeal from the decision of the examiner of trade-marks refusing to register what the applicants say is a pictorial representation of its patented well drill jar surrounded by a diamond shaped figure as a trade-mark for well drill jars.

The representation is a prominent feature of the mark, but the Application sets forth that its patent does not expire for several years and the question arises whether the patent office should register a trade-mark including a pictorial representation of the goods on which it is used and which are covered by a patent, as a technical trade-mark, without disclaiming the exclusive right to the representation. There is little to be added to the decision in *Ex parte, Bellville Company, Ltd.* (84 O. G., 807) except that it is now customary to re-register a trade-mark on its expiration without examination of it.


Substantial justice would be done to both public and applicant if the registration were granted, when the applicant shall have filed a disclaimer of the exclusive right to the illustration of its goods disconnected from the other part of its mark after the patent shall have expired, thus putting the public on notice of the exact status of the applicant's right. Until such disclaimer is filed the mark may not be registered. (Citing: *Ewing, Commissioner of Patents v. Standard Oil Co. of New York*, 203 O. G., 1556, [4 T. M. Rep., 373].)³

¹ *Ex parte, L. Candee Company*, 119 Ms. Dec., 48, February 16, 1916.

² *Ex parte, L. Candee & Company*, 119 Ms. Dec., 63, February 24, 1916.

³ *Ex parte, Sparks Drilling Jar Company*, 119 Ms. Dec., 50, February 17, 1916.

Surname

NEWTON, A. C.—The word “Fisk” and  is unregistrable

as a trade-mark for rubber vehicle tires. “Fisk” is a common name and is therefore unregistrable, although there might be some excuse for a registration of it in connection with the “F” surrounded by two concentric circles. The “F” has been registered, however, at an earlier date so that all registrable matter in the mark has been exhausted, and while the patent office should be liberal in cases where registration is desired abroad, there are no grounds under the statute for the registration of this mark.¹

Interference—Dissolution

NEWTON, A. C.—Although the marks in question are identical, they have been used for twenty years without confusion. The goods differ in manufacture; the rubber is vulcanized and the balata is not. Rubber and leather belting are not of the same descriptive properties. Therefore, at the request of both parties the interference will be dissolved. (Citing: *McElwain v. Hood*, 116 Ms. Dec., 75 [5 T. M. Rep., 117].)²

Assignments

NEWTON, A. C.—This is an appeal by the Shulze Baking Company from a decision of the examiner of interferences adjudging Schierling entitled to the registration of the words “Butter-Krust” as a trade-mark for bread.

The Shulze Baking Company attempted to establish a right in the mark not only by use but by assignments. These assignments are void because they were made without a transfer of business. A meagre proof of use was shown in October, 1913. The Shulze Baking Company attempted to purchase from Adams and the Adams Bread Company the right to use the mark paying therefor four hundred dollars to Adams and three hundred dollars to Schierling as vice-president of the American Bread Company, Schierling reserving the right to use the mark in certain territory. Sometime later Adams made an unsuccessful attempt to get a loan

¹ Ex parte, *Fisk Rubber Company*, 119 Ms. Dec., 73, February 25, 1916.

² Ex parte, *Bowers Rubber Works v. New York Leather Belting Co.*, 119 Ms. Dec., 49, February 17, 1916.

of one hundred and fifty dollars from the Baking Company. He thereupon repudiated the sale of the rights in the trade-mark and began to use it again. An attempt by Adams to register the mark in his own name at this time was successfully opposed by the Baking Company and Adams dropped out of the present interference.

The transfer signed by Schierling individually and as vice-president of the American Bread Company, transferred the interests in the marks, except for two counties for the state of Indiana. This transfer is valid, since it also transfers the stock, stationery, orders, customers and the like, in connection with the mark. Schierling is accordingly a continuous and prior user of the mark, but only in the two counties of the State of Indiana, having parted with his rights outside of that territory. The Shulze Baking Company have not shown any exclusive right and, therefore, unless this decision is modified on appeal, the examiner of trade-marks is instructed to reject the applications of both parties.¹

Surname—Descriptive Mark

NEWTON, A. C.—This is an appeal from a decision of the examiner of trade-marks refusing to register "Stein-way" as a trade-mark for garters, first, because it is a well known name not distinctively displayed, and secondly, because if, as the applicant contends, it is a short way of saying "Stein's Way," it is descriptive.

There are plenty of authorities to refuse registration, but since the courts are quite liberal in protecting surnames, it is believed that the statute should be interpreted just as liberally for the registration of them. As to the second contention of the examiner, the mark is held not sufficiently descriptive and may therefore be registered.²

¹Schierling v. Shulze Baking Company, 119 Ms. Dec., 16, February 8, 1916.

²Ex parte, A. Stein & Company, 119 Ms. Dec., 25, February 11, 1916.

DANIEL V. ELECTRIC HOSE & RUBBER COMPANY

(231 Fed. Rep., 827)

*United States Circuit Court of Appeals**Third Circuit, January 27, 1916**On Petition for Reargument, April 14, 1916*

1. TRADE-MARK—FORM OF ARTICLE—EXPIRATION OF PATENT.

Upon the expiration of a patent for a corrugated rubber hose, which corrugations, it appears from the patent, were useful and of structural value, the public acquires the right to manufacture the hose in the form shown by the patent. The patentee cannot, by making hose with corrugations for any length of time convert the article itself into a trade-mark and thereby acquire the exclusive right to make it.

2. TRADE-MARK—EXPIRATION OF PATENT—EFFECT OF CONTINUED USE.

The owner of a patent which has expired cannot, after the expiration of the patent, acquire by continued and exclusive use of the patented features, an exclusive right as a trade-mark in that which became public property on the expiration of the patent.

Appeal from a decree of the District Court for the Eastern District of Pennsylvania, in favor of complainant. **Reversed.**

The following is the opinion of THOMPSON, District Judge, on final hearing:

The plaintiff, Electric Hose & Rubber Company, is engaged in the business of the manufacture and sale of rubber hose as the successor of the Chicago Electric Wire Company, to which on August 3, 1897, letters patent No. 587,545 were issued as assignee of Henry B. Cobb, inventor of a method of manufacturing rubber hose in long lengths, consisting in forming, about a tube of alternate layers of rubber and fabric, an inelastic mold within which the product was vulcanized and the mold then removed. The Chicago Electric Wire Company assigned all its right to the manufacture and sale of hose to the Chicago Electric Hose Company, which is the plaintiff herein, its name having been changed, by amendment to its charter, to Electric Hose & Rubber Company. To distinguish the hose invented by Cobb, the Chicago Electric Wire Company adopted a device consisting of external longitudinal corrugations, and that device, as a distinguishing mark of hose made under the Cobb invention, was continued down to the filing of the bill on December 2, 1913. The hose so marked by corrugations was known to the trade as "Electric" hose, and from 1897 until some time in 1907 was exclusively made and sold by the plaintiff and its predecessors. The defendant up to 1912 was a customer of the plaintiff, and purchased for his trade the plaintiff's "Electric" hose having the external longitudinal corrugations; also hose manufactured by the plaintiff with a smooth exterior surface. The plaintiff manufactured and sold its corrugated hose exclusively under its own name, but manufactured the smooth hose for the defendant and others and sold it to them with their respective names impressed upon it.

Marking the hose by longitudinal corrugations was not an element of the Cobb patent. It was recognized generally by the trade and public as an attractive feature in the appearance of the hose and as a distinguishing mark of the so-called "Electric" hose. The corrugated hose had obtained a wide popularity and was successfully sold to the trade and to the public. During the period from 1907 down to the filing of the bill, several competitors of the plaintiff produced hose with corrugated marking, but, upon demand by the plaintiff, adopted spiral or longitudinal

bands or other distinguishing features with the manufacturer's name at close intervals, in order that the hose might not be mistaken for that of the plaintiff.

The defendant had unsuccessfully endeavored for a number of years to obtain from the plaintiff corrugated hose with the defendant's trade-name upon it. Thereupon the defendant, finding that there was a large demand for the corrugated hose, obtained through his employé, Frank R. Neff, a patent, as assignee of Neff, having the following claim: "A hose comprising an outer covering of rubber having longitudinally extending closely spaced ribs forming corrugations extending longitudinally of the hose, said ribs terminating in solid annular sections, equally spaced along said hose, the outer faces of said ribs and the outer faces of said annular sections being substantially in alinement." In the specification of the Neff patent, it was set out: "By the above construction, it will be therefore noted that a hose is formed wherein the rubber outer surface is so shaped as to greatly strengthen the hose against lateral strains and to increase the life of the hose as to surface wear, and furthermore a visible indication is provided whereby definite lengths of hose may be quickly determined."

After the Neff patent, No. 1,026,598, was issued May 14, 1912, the defendant began to manufacture a long-length hose by another method than that covered by the Cobb patent. This hose contained longitudinal corrugations and was made in close imitation of that sold by the plaintiff. At spaces of one foot, however, the longitudinal ribs, in accordance with the claim of the Neff patent, terminated in an uncorrugated annular section about one-eighth of an inch in width. While the specification of the patent claims that the annular sections strengthen the hose against lateral strains, increase its life as to surface wear, and provide a visible indication for quickly determining definite lengths of the hose, the purpose of the defendant in causing the patent to be obtained by Neff was to produce a hose which he could manufacture and sell so closely imitating that of the plaintiff as to derive from its production the advantage of the demand in the market for the plaintiff's corrugated hose. The defendant has accordingly placed upon the market and sold a hose made under the Neff patent with his trade-name, "Quaker City Rubber Co.," and the words, "Ringmeter Reg. U. S. Pat. Off. Philadelphia, Pa. U. S. A.," placed upon it at irregular intervals.

The defendant has set up as a defense the Mayall patent No. 125,596, issued April 9, 1872, for improvement in vulcanized India rubber hose or tubing. As described in the specification, this invention is directed to the production of vulcanized India rubber hose or tubing formed with an ornamental pattern or configuration in relief upon its exterior. The method consists of forming an ornamental pattern or configuration in relief on the rubber while it is passing in sheet form from the calender rolls, using for this purpose a pattern roll pressing up against one of the calenders, so that the rubber sheet passes between the pattern roll and the calender, and is consequently impressed with the configuration or ornamental design formed in intaglio, or engraved in the pattern roll. The claim is as follows: "As a new manufacture, vulcanized India rubber hose or tubing, made with fluting or other ornamental configuration in relief upon its exterior, substantially in the manner herein described."

The Mayall patent is clearly for a method of manufacturing hose or tubing with any sort of fluting or ornamental configuration upon it, and is not confined to the fluting which appears in the drawings and is mentioned in the claim and in the specification. There is no evidence that Mayall, or any one deriving rights under him as licensee or assignee, used the process described in his invention, nor is there any evidence that any one put into use the external longitudinal corrugations upon hose prior to their adoption by the plaintiff in 1897. Mayall does not claim any structural value in the fluting. While the evidence of structural value in the device is somewhat conflicting, it is found as a fact, from the weight of the evidence upon the record here presented, that the corrugations add no structural value to the product, and that their use is merely for ornamentation. The evidence intended to

show structural advantage from the corrugations, resulting in what was termed at the hearing "non-kinkability," and the quality of preventing abrasion by friction, is not convincing. The opinions of witnesses that the corrugations were useful in preventing kinking and abrasion were not based upon actual tests made in comparison with smooth-surfaced hose, except in the case of the defendant's witness called as an expert. Tests made by him were upon sections of hose produced by the defendant for the purpose. Tests of such isolated specimens cannot fairly represent results upon which opinions of value can be based.

The corrugations having no structural value, and there being no evidence of the use of the corrugations under the Mayall patent, or of their appropriation and user as a trade-mark for rubber hose of others, prior to the appropriation and user by the plaintiff, the invention of Mayall in 1872 of a method by which hose may be fluted is not material as affecting the plaintiff's right to its use as an indicium of its product.

The validity of a trade-mark does not depend upon either novelty, invention, or discovery, but is founded upon mere priority of appropriation and user as a trade-mark for a particular class of goods. *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U. S. 537, 11 Sup. Ct. 396, 34 L. Ed. 997. Abandoned trade-marks may be appropriated by others and become their exclusive property, even as against the original user. *Menendez v. Holt*, 128 U. S. 514, 9 Sup. Ct. 143, 32 L. Ed. 526.

The adoption of the corrugations by the plaintiff's predecessor occurred in 1897, years subsequent to the expiration of the Mayall patent in 1889. Upon its expiration, the method and whatever incidents appertained thereto became open to the public, subject to appropriation and user by any one. Unless the plaintiff's predecessor adopted it to confuse its product with that of others, it was entitled, even though Mayall had conceived fluting upon hose in 1872, to adopt longitudinal corrugation as indicating the origin of its hose.

The defendant has shown that, prior to the adoption of corrugation by the plaintiff, corrugated tubing was manufactured and sold by other rubber manufacturers. The evidence shows, however, that rubber hose and rubber tubing are entirely separate and distinct articles in commerce and in domestic use, and are so recognized generally by the trade and the public. They are used for entirely separate and distinct purposes, and there is no confusion or possibility of mistaking the one for the other. When the plaintiff adopted its device therefor, it was unused by the trade in the manufacture or marketing of rubber hose.

The defendant contends, however, that the Cobb patent having expired in August, 1914, and the patented hose having been known to the trade and the public by the longitudinal corrugations adopted by the plaintiff as indicating the origin and manufacture of its hose, the monopoly in the corrugated marking of the hose became public property upon expiration of the patent and passed to the public along with the patented method. The general principle of law underlying this contention is too well settled to admit of contradiction or discussion, and the question, therefore, arises as to whether, upon abandonment to the public of the plaintiff's patent, the defendant became entitled under the facts of this case to the appropriation of the plaintiff's device, which had during the life of the patent indicated the origin of the hose manufactured by the plaintiff. With the limitation that the defendant must not so use the device as to deprive the plaintiff of its rights or to deceive the public, the defendant, upon the expiration of the patent, was at full liberty to manufacture under the method of the expired patent, and to appropriate any device or form in connection with which the patented article had been made which was designative in a generic manner of the distinctive style of hose manufactured by the plaintiff.

In the present case the defendant is not manufacturing its hose in accordance with the plaintiff's patent, but is using another method, which permitted it, prior to the expiration of the patent, to manufacture hose in long lengths. Its purpose in adding the corrugations was to closely imitate the plaintiff's patented hose under

the guise of the Neff patent. The hose produced by the defendant is calculated to deceive the public as to the identity of the article produced by him, and, although the plaintiff's patent has expired, it is entitled to be protected from any injury arising from such imitation produced with the deliberate intent of deceiving the public by passing off the defendant's hose for that manufactured by the plaintiff. While the defendant is not to be prevented from constructing long-length hose with corrugations, still he cannot be permitted to do any act the necessary effect of which would be to imitate or to make any one believe that the hose which he manufactures and sells is manufactured by the plaintiff; neither has he the right to use any device which may be properly considered a trade-mark, so as to induce the public to believe that the hose has been manufactured by the plaintiff. *Singer Manufacturing Co. v. June Manufacturing Co.*, 163 U. S. 169, 16 Sup. Ct. 1002, 41 L. Ed. 118.

The defendant's contention, however, is that it is protected by the Neff patent. A reading of the entire testimony of the defendant leads to the conclusion that this patent was frivolously obtained by him as a makeshift, for the purpose of putting upon the market an imitation of the hose made and sold by the plaintiff under cover of the structural utility asserted in the Neff specification and claim by reason of the addition to the plaintiff's corrugations of the annular band. While the record in the case establishes the fact that longitudinal corrugations add no structural value or utility to the hose, the presumption arising from the grant of the patent that corrugated hose with the annular band has the advantage over corrugated hose without such band disclosed by the specification is unrebutted, and the defendant is entitled, until the validity of his patent is made the subject of successful direct attack, to manufacture hose under the method disclosed in accordance with his patent. It is entirely possible, however, for him to manufacture hose with such distinctive markings as will preclude the probability of his hose being passed off as that of the plaintiff. To that extent the plaintiff should be protected in equity.

A decree will be entered in favor of the plaintiff and against the defendant for an injunction in accordance with this opinion and for an accounting for profits and damages.

Joseph C. Fraley and Henry N. Paul, Jr., both of Philadelphia, Pa., for appellant.

William W. Porter and Porter, Foulkrod & McCullagh, all of Philadelphia, Pa., for appellee.

Before BUFFINGTON and MCPHERSON, Circuit Judges, and
BRADFORD, District Judge.

BUFFINGTON, Circuit Judge:—In the court below, the Electric Hose & Rubber Company, a corporation and citizen of Delaware, filed this bill against Charles A. Daniel, who was trading as the Quaker City Rubber Company, a citizen of Pennsylvania, charging him with unfair competition and violating its trade-mark. The court, in its opinion as set forth above, sustained complainant's contention and entered a decree:

"That the use of external longitudinal corrugations in the sale of rubber hose . . . is a good and valid trade-mark to the plaintiff, and is the sole and exclusive property of the plaintiff," and "that the defendant has occasioned unfair trade competition by manufacturing and selling rubber hose corrugated longitudinally."

From such decree defendant took this appeal.

Stripped of incidental matters, the underlying question in this case is whether the longitudinal corrugations on rubber hose can be made a trade-mark monopoly. The proofs show that on April 9, 1872, patent No. 125,596 was granted to Thomas J. Mayall for an improvement in vulcanized rubber tubings. In his specification Mayall stated that:

"Tubing of this kind has never, so far as my knowledge extends, been hitherto made, owing, undoubtedly, to the difficulty, or rather impossibility, of preserving the external pattern or ornamental configuration during the several processes at present employed in order to vulcanize and finish hose or tubing."

He disclosed a method of making such hose or tubing, and a claim was allowed him, as follows:

"As a new manufacture, vulcanized India rubber hose or tubing, made with fluting or other ornamental configuration in relief upon its exterior, substantially in the manner herein described."

It goes without saying that at the expiration of Mayall's patent, in 1889, the public acquired the right to make such fluted hose. The defendant has availed himself of that right, and has embodied Mayall ribs or longitudinal corrugations in hose he makes under patent No. 1,026,598, granted to Neff on May 14, 1912. The single claim of that patent is:

"A hose comprising an outer covering of rubber having longitudinally extending closely spaced ribs forming corrugations extending longitudinally of the hose, said ribs terminating in solid annular sections, equally spaced along said hose, the outer faces of said ribs and the outer faces of said annular sections being substantially in alinement."

The hose of Neff's patent has, it will be observed, the longitudinal fluting of Mayall, and in addition certain spaced annular rings at cross-angles thereto.

Under these facts, the burden is on the plaintiff to show by what means the defendant or any other hose manufacturer is to be deprived of the right to make corrugated hose, which right accrued to the public when Mayall's patent expired. The pertinent facts on which the plaintiff bases its alleged right we extract from the opinion of the court below, as follows:

"The plaintiff, Electric Hose & Rubber Company, is engaged in the business of the manufacture and sale of rubber hose as the successor of the Chicago Electric Wire Company, to which on August 3, 1897, letters patent No. 587,545 were issued

as assignee of Henry B. Cobb, inventor of a method of manufacturing rubber hose in long lengths, consisting in forming, about a tube of alternate layers of rubber and fabric, an inelastic mold within which the product was vulcanized and the mold then removed. The Chicago Electric Wire Company assigned all its right to the manufacture and sale of hose to the Chicago Electric Hose Company, which is the plaintiff herein, its name having been changed, by amendment to its charter, to Electric Hose & Rubber Company. To distinguish the hose invented by Cobb, the Chicago Electric Wire Company adopted a device consisting of external longitudinal corrugations, and that device, as a distinguishing mark of hose made under the Cobb invention, was continued down to the filing of the bill on December 2, 1913. The hose so marked by corrugations was known to the trade as 'Electric' hose, and from 1897 until some time in 1907 was exclusively made and sold by the plaintiff and its predecessors. . . . Marking the hose by longitudinal corrugations was not an element of the Cobb patent. It was recognized generally by the trade and public as an attractive feature in the appearance of the hose and as a distinguishing mark of the so-called 'Electric' hose. The corrugated hose had obtained a wide popularity and was successfully sold to the trade and to the public. During the period from 1907 down to the filing of the bill, several competitors of the plaintiff produced hose with corrugated marking, but, upon demand by the plaintiff, adopted spiral or longitudinal bands or other distinguishing features with the manufacturer's name at close intervals, in order that the hose might not be mistaken for that of the plaintiff. . . . After the Neff patent, No. 1,026,598, was issued May 14, 1912, the defendant began to manufacture a long-length hose by another method than that covered by the Cobb patent. This hose contained longitudinal corrugations and was made in close imitation of that sold by the plaintiff. At spaces of one foot, however, the longitudinal ribs, in accordance with the claim of the Neff patent, terminated in an uncorrugated annular section about one-eighth of an inch in width. While the specification of the patent claims that the annular sections strengthen the hose against lateral strains, increase its life as to surface wear, and provide a visible indication for quickly determining definite lengths of the hose, the purpose of the defendant in causing the patent to be obtained by Neff was to produce a hose which he could manufacture and sell so closely imitating that of the plaintiff as to derive from its production the advantage of the demand in the market for the plaintiff's corrugated hose. The defendant has accordingly placed upon the market and sold a hose made under the Neff patent with his trade-name, 'Quaker City Rubber Co.,' and the words, 'Ringmeter Reg. U. S. Pat. Off. Philadelphia, Pa. U. S. A.,' placed upon it at irregular intervals. . . . There is no evidence that Mayall, or any one deriving rights under him as licensee or assignee, used the process described in his invention, nor is there any evidence that any one put into use the external longitudinal corrugations upon hose prior to their adoption by the plaintiff in 1897. . . . The adoption of the corrugations by the plaintiff's predecessor occurred in 1897, years subsequent to the expiration of the Mayall patent in 1889. Upon its expiration, the method and whatever incidents appertained thereto became open to the public, subject to appropriation and user by any one. Unless the plaintiff's predecessor adopted it to confuse its product with that of others, it was entitled, even though Mayall had conceived fluting upon hose in 1872, to adopt longitudinal corrugation as indicating the origin of its hose."

The court further found that the corrugations of hose had no structural value, and held that:

"There being no evidence of the use of corrugations under the Mayall patent, or of their appropriation and user as a trade-mark for rubber hose of others, prior to the appropriation and user by the plaintiff, the invention of Mayall in 1872 of a method by which hose may be fluted is not material as affecting the plaintiff's right to its use as an indicium of its product."

In that regard we are of opinion the court erred. In the first place, the evidence clearly shows the corrugations of the hose are of structural value. In that regard the proof of several witnesses satisfied us that the corrugations enable the hose to be better made, to be made stronger, that such hose lasts longer and minimizes kinking. In the next place, the patent of Mayall was not for a method of fluting a hose, but it was for the fluted hose or tubing as a new article of manufacture; the method disclosed being only the statutory requirement of illustrating how the new article could be made. The testimony being clear that the longitudinal corrugations on the tube are useful and functional, the authorities (*Marvel v. Pearl*, 133 Fed. 160, 66 C. C. A. 226; *Diamond Match Co. v. Saginaw Match Co.*, 142 Fed. 727, 74 C. C. A. 59; *Globe Co. v. Macey*, 119 Fed. 996, 56 C. C. A. 304) are clear that such useful features are common property, may be made by any manufacturer of such an article, and cannot be appropriated as a trade-mark. Where the article itself is one which any one of common right may make, no person by making that article for any period of time—no matter for how long—can convert that article itself into a trade-mark and thereby acquire an exclusive right to make it in perpetuity. To allow this would be to destroy the seventeen-year limitation of the patent system. The purpose of a trade-mark is, as its name signifies, to provide a mark for an article in which one trades. It is the evidence of the article's genuineness, but is not the article itself.

Applying these principles to the case in hand, it is clear that plaintiff could never acquire an exclusive right to make longitudinally corrugated hose. That right became a public one on the expiration of Mayall's patent, open alike to plaintiff and defendant. The plaintiff exercised that right, called its product electric hose, and has established a valuable trade. The defendant has also exercised its right to make longitudinally corrugated hose. These it has marked with its own name and with the word "Ringmeter" as a registered trade-mark. There is no proof of any confusion of goods, no proof that defendant sold its hose to any one as the plaintiff's hose, or that any one purchased it thinking he was buying the plaintiff's goods. Indeed, in the last analysis the whole case of the plaintiff rests on the unwarranted assumption that, by

being for some years the maker and vender of a patent-expired article, it thereby could acquire and had acquired an exclusive and perpetual right to make it. Were this the law, it would follow that if Mayall, after the expiration of his patent, had been the only maker of his hose for some years following, he could by his own act turn his patent, which the law limited to seventeen years, into a perpetual patent.

The decree below will be reversed, and the record remanded, with instructions to dismiss the bill.

On Petition for Reargument

PER CURIAM:—We have carefully considered the petition for reargument, but see nothing to be gained by granting the motion. In our view there was no proof of any confusion of goods, or that any purchaser of the plaintiff's goods had been, or was likely to be, led to buy the defendant's under the belief he was getting plaintiff's.

The petition for reargument is therefore denied.

[This decision passes upon what has hitherto been an open question with respect to the rights of the owner of a trade-mark associated with a patented article, after the patent had expired. It has long been settled that, upon the expiration of the patent, the name by which the product had been known to the public, became public property. Whether, if the owner of the patent continued, with the acquiescence of the public, to manufacture and sell the article exclusively under the trade-mark by which it had been previously known, he might thereby acquire a trade-mark in the name and the exclusive right to its use has, we believe, not been heretofore determined.]

An expression contrary to the above opinion is to be found in the opinion of the United States circuit court of appeals, for the sixth circuit, in the case of *G. & C. Merriam Co. v. Saalfeld* (Reporter, vol. 2, p. 443, 450). The court in that case stated the principle to be that while, at the expiration of the patent, the name was common property, if the public acquiesced in the exclusive use of the name by the original manufacturer of the article, then the use of the name became subject to the ordinary rules governing the exclusive use of a generic term by one manufacturer. If the use by the manufacturer continued to be exclusive, so that it came to be, on the part of the public, indicative of the product of the particular manufacturer, he was entitled to protection in the use thereof, for the same reasons and in the same way as in the case of a descriptive, geographical or other generic term.

This statement of the learned court was, however, by way of dictum and not necessary to the determination of the question before it, and there are good reasons for regarding the views taken in that case as unsound. The name applied by the patentee during the entire lifetime of the patent to the article, has meant to the public the article manufactured by him. It could have no other meaning, because no one else did or could at that time make the article, and, therefore, no one else had any occasion to make use of the term. At the expiration of the patent, therefore, it could probably be truly said that the term was accepted throughout the trade and by the public, as indicating the article manufactured by the patentee, and that any person asking for the article by that name would expect and desire to be supplied with the article so manufactured and with no other.

Therefore, although by the expiration of the patent, the term was, according to the doctrine of our law, a descriptive term, yet it had of necessity at that time a distinctive meaning, as indicating the goods of a particular origin. Nevertheless, the term was open to appropriation by any manufacturer who desired to make the article and to call it by that name. If, however, during many years after the expiration of the patent, no one else should see fit to make and sell the article referred to, the term would, of course, continue to have the distinctive meaning which it acquired under the protection of the patent, and would continue to indicate the article made exclusively by the patentee.

The language of the decision last cited would appear to indicate that when this condition had been allowed to continue for a certain length of time, it would thereafter be too late for any other manufacturer to step in and make use of the term in competition with the patentee. The trouble with this argument would appear to be that the term would not have become distinctive of the patentee's goods after the expiration of the patent, since it was distinctive of his goods when the patent expired, and merely continued to be so because the public acquiesced in his continued exclusive use of the term. Thus, the patentee continued thereafter to enjoy the benefit of the good will in the term, which he had built up under the monopoly of his patent, and it would be in the highest degree difficult to show that the term had become any more distinctive of the patentee's product after many years, than it was when the patent expired.

If the patentee could at any time, under these circumstances, claim a monopoly in the term, he should have been in equally as good a position to claim that monopoly at any time after the expiration of the patent, yet to permit him to do this would be to nullify entirely a doctrine which threw the term open to the use of the public when his patent expired.

To look at the proposition in another way, at the time of the expiration of the patent, a valuable good will attached to the term, which the patentee had invented and popularized as the designation of his article. That good will the law took away from him and conferred upon the public as one of the considerations for the patent monopoly which he had previously enjoyed. The public having failed immediately to appropriate to its own purposes that good will, but having acquiesced in its retention by the patentee for a period of years, can the patentee then claim the right to retain that good will indefinitely, as if it had arisen and had been built up after the expiration of the patent? It is clear that while the good will may have been made more valuable during that period, it is but a continuation of that good will, the benefits of which the patentee previously enjoyed. If he can acquire a new title to this good will by continuing its enjoyment after the law has laid it open to common appropriation, the way would be prepared for that indefinite continuance of patent monopolies, which the principle of the Singer case was intended to prevent.

Thus, it might be that upon the expiration of a patent, trade conditions prevented any other manufacturer from competing with the patentee and making the previously patented article. Control of the market or of a source of supply for the raw material, might give to the former an insuperable advantage. This condition might continue for five or ten or twenty years, at the expiration of which time conditions might so change that other manufacturers would find it profitable to enter into competition with the patentee through the manufacture and sale of the article. If the patentee could invoke the doctrine of a distinctiveness acquired by reason of long continued use of the term, other manufacturers would be precluded from the most important element of the right to compete with him, the privilege of using, in describing the goods of their manufacture, the only term whereby those goods could be described, because the only term whereby they had ever been known in the trade or to the public.

There is another reason why the name applied to a patented article during the continuance of the patent protection, should not be treated, after the expiration of

the patent, like an ordinary descriptive term, and that is that it is not a descriptive term, except in the sense that the usual and necessary name of an article is descriptive. It is the name without the use of which it was impossible, while the patent was in force, to refer to or designate the article. This is the true ground upon which the word is thrown open to public use upon the expiration of the patent, that such use is necessary, in order properly and intelligibly to designate the article and to identify it as the article previously made under the patent. No lapse of time can make this term any the less a necessary term of designation for that article, for while other terms might be equally apt and descriptive, they are not equally serviceable to indicate the article, because the name applied to the patented article is that which has come to be its identifying name upon the market, and the name that the public must be permitted to use.

In the light of these considerations, we must give preference to the view expressed by the court in the case under discussion, which recognizes and preserves inviolable the right of every man to make use of such a name or trade-mark, subject only to the requirement that the user take proper precaution to prevent the confusion of his goods with those of the original manufacturer.]

KNABE BROS. COMPANY V. AMERICAN PIANO COMPANY

(232 Fed. Rep., 140)

United States Circuit Court of Appeals

Sixth Circuit, April 14, 1916

UNFAIR COMPETITION—FORM OF NOTICE TO PUBLIC.

The form of notice which the defendant is required to affix to its pianos to distinguish them from those of the complainant, pursuant to a decision of an earlier date, considered and determined.

On petition to modify opinion. Modified and affirmed.

For the opinion so modified, see 6 T. M. Rep., 180.

Before KNAPPEN and DENISON, Circuit Judges, and CLARKE, District Judge.

PER CURIAM:—Our opinion, filed February 11th last, provided for hearing counsel upon the precise language of the cheek-block notice upon appellant's piano. Each party has presented suggestions on that subject. Certain modifications of the opinion are also asked. We state our conclusions upon the various subjects:

(a) We think the form of the cheek-block notice, suggested in our opinion, should be used without modification. This notice may contain the guaranty and statement of inspection as in appel-

lant's original cheek-block notice. It should be in plain type, substantially of the kind used in the printed slips presented by appellee, should be printed on paper securely glued to the cheek-block and well covered by transparent varnish. The cheek-block should be secured in place by the use both of glue and a screw.

(b) The fall-board inscription should be in the words "Made by the Knabe Bros. Co., Cincinnati, O.," arranged in three lines, the upper containing the words "Made by," the lowest the words "Cincinnati, O.," and the words "The Knabe Bros. Co." between the first and the third lines. The words last named should be no more prominent than in form 1 of appellant's proposed fall-board designation, Exhibit A, and the other words should be as prominent as in that suggested form. We see no valid objection to the use of script in the name of appellant company with the lower arm of the letter "K" underlining the words "Knabe Bros.," as in Exhibit A mentioned.

(c) We adhere to the form of notice required by our opinion "to be conspicuously inserted in catalogues and advertisements, and to be framed and kept displayed upon defendant's pianos in all salesrooms in which they are offered for sale." We see no occasion for a warning notice upon concert programs in which merely the name of the piano is given, with nothing referring to the sellers, manufacturers or place of sale. In such case, appellee would not be injured by possible confusion but would quite as likely be benefited thereby. No form of appropriate and effective short notice for short advertisements has been presented; no such appropriate and effective form occurs to us, and we must, therefore, leave our opinion as it stands upon the subject of warning notice in advertisements. Manifestly, an effective warning notice upon ordinary street signs, illuminated or otherwise, is impracticable; appellant, however, should not be allowed to use such signs without such warning notice.

(d) Appellant has, in this court, prevailed to a substantial extent upon the merits, and should, therefore, recover full costs of this court, as announced in our opinion. The fact, as alleged, that appellant did not actually use the cheek-block notice before appellee's bill was filed is immaterial either to the opinion or to the subject of costs.

UNGLES-HOGGETTE MFG. CO. v. FARMERS HOG & CATTLE
POWDER CO.

(232 Fed. Rep., 116)

United States Circuit Court of Appeals

Eighth Circuit, March 20, 1916

1. TRADE-MARK—DESCRIPTIVE TERM.

The term "Dridip" applied to a powder for the destruction of vermin upon animals is a mere misspelling of the word "dry-dip," which is clearly descriptive of a dry, or powder, preparation intended to perform the usual function of an animal dip. The mere misspelling of a descriptive term does not deprive it of its descriptive character.

2. TRADE-MARK—EFFECT OF REGISTRATION.

The registration of a trade-mark is only *prima facie* evidence of ownership. If there is no valid trade-mark at common law, registration cannot create one.

Appeal from a decree of the District Court for the District of Nebraska, in favor of defendant. Affirmed.

Maxwell V. Beghtol, of Lincoln, Neb. (*Edmund C. Strode*, of Lincoln, Neb., on the brief), for appellant.

Samuel P. Davidson, of Tecumseh, Neb., for appellee.

Before ADAMS and CARLAND, Circuit Judges, and TRIEBER, District Judge.

ADAMS, Circuit Judge:—This was a bill to restrain infringement of a trade-mark consisting of the word "Dridip," which the plaintiff, Ungles-Hoggette Manufacturing Company, claims to have adopted and appropriated as a trade-mark, to indicate the origin and ownership of a certain lice and vermin destroyer manufactured by it. It alleged in its bill that the defendant, Farmers' Hog & Cattle Powder Company, infringed upon its trade-mark by using the words "Dry-Dip," or "Farmers' Dry-Dip," on packages of lice and vermin destroyer manufactured by it.

Defendant denied that plaintiff had appropriated, or by use or otherwise had acquired, the right to the exclusive use of the word "Dridip" as a trade-mark for its product, on the ground that that word, instead of indicating the origin and ownership of its product as it lawfully might, was descriptive of that product, and was not the subject of exclusive appropriation by plaintiff as a trade-mark. Defendant also denied infringement.

The District Court heard the proof and rendered a decree dismissing the bill. Plaintiff appeals.

(1) The word "dip," as a noun, has a well-understood meaning. Any liquid preparation into which objects may be dipped or immersed, as for cleansing, coloring, lacquering, and the like, may be properly described as a dip. See "dip" in Webster's International Dictionary and Funk & Wagnalls Dictionary. Such common use of the word "dip," as a noun, is conceded by plaintiff's counsel. In connection with animal husbandry this word, taken by itself, therefore, signifies some liquid preparation, consisting of a mixture of parasitocides, like sulphur, coal-tar creosote, arsenic, or similar agents, into which animals infected with lice and other vermin may be plunged for treatment.

The word "Dry-Dip," employed in connection with animal husbandry, would presumptively mean some dry or powdered preparation intended to perform the same service. This proposition, however, is not left to presumption or speculation, as counsel specifically agreed (among other facts bearing on the case, which, in view of the conclusion reached by us, it is unnecessary to state), that "the dry dip sold by the defendant and the dridip sold by plaintiff is a dry powder, and is used by sprinkling on the animal." So it appears that the dry-dip served the same purpose and accomplished the same result as the liquid dip, with an unimportant difference—in their application. The infected animal is driven or plunged into the liquid dip, while the dry dip is sprinkled upon the infected animal. In view of these considerations, plaintiff certainly could not have appropriated the compound word "Dry-Dip" as its trade-mark. Such a word would unquestionably have been accurately descriptive of the article sold or dealt in by it.

(2) Does the fact that plaintiff misspelled the first member of its compound word, in such a way, however, that its necessary pronunciation is the same as "Dry-Dip," make the misspelled word any more available to exclusive appropriation by it? We think not. In *Trinidad Asphalt Manufacturing Co. v. Standard Paint Co.*, 163 Fed. 977, 90 C. C. A. 195, affirmed by the Supreme Court in 220 U. S. 446, 31 Sup. Ct. 456 [Reporter, Vol. 1, p. 10], we had occasion to consider whether the plaintiff could secure a trade-mark in the word "Ruberoid," notwithstanding the conceded

right of the public to make use of the word "rubberoid," and we there said:

"A public right in 'rubberoid' and a private monopoly of 'ruberoid' cannot coexist. They are inconsistent and trespass upon each other, and under the law of trade-marks the latter must give way. To the contention that 'ruberoid' is fanciful or arbitrary, it must be said that no one can restrict or destroy the public right by the coinage and monopoly of a word that is a near imitation of one, the use of which is open to all for the truthful description of articles of trade and commerce."

To these propositions many illustrative cases are cited to which attention is directed. In addition to the teaching of that case, which seems to us conclusive of this, attention may be called to the fact that Act March 3, 1881, c. 138, 21 Stat. 502, entitled "An act to authorize the registration of trade-marks and protect the same," requires as a condition to such registration that the applicant must make a showing that:

"No other person, firm, or corporation has the right to use the mark sought to be registered, either in the identical form or in any such near resemblance thereto as might be calculated to deceive." Section 2.

While this act relates to registration only of a trade-mark, it nevertheless discloses the disapprobation of Congress to the use of any word as a trade-mark which may tend to confuse or deceive the public. The word "Dridip" may be a misspelling of the word "Dry-Dip." This, however, depends upon whether the phonetic method of spelling is practiced or not (many educated and more uneducated persons do practice it). But, however this may be, there can be no possible difference in the pronunciation of the two words. They sound alike to any listener or bystander.

The rule governing the doctrine of *idem sonans* is that absolute accuracy in spelling words is not required in legal documents or proceedings, whether civil or criminal. If the name, as spelled in a document, however incorrectly, conveys to the ear, when pronounced according to the commonly accepted methods, a sound practically identical with the name as correctly spelled, the name thus given is a sufficient designation of the individual referred to, and no advantage can be taken of the clerical error. See *Hubner v. Reickhoff*, 103 Iowa, 368, 72 N. W. 540, 64 Am. St. Rep. 191; *Robson v. Thomas*, 55 Mo. 581. Manifestly then, the word "Dridip" could no more be appropriated as a trade-mark than the concededly descriptive word "Dry-Dip."

(3) Some argument is made that the fact of registration of the word "Dridip" as a trade-mark conferred upon the plaintiff some additional right. This is not correct. If there be no valid common law trade-mark by the appropriation and use of a word or symbol that indicates origin or ownership, as distinguished from describing the article manufactured or sold, the bare fact of registration cannot make it so. Registration is only *prima facie* evidence of ownership. See Act March 3, 1881, c. 138, § 7, 21 Stat. 502. If that presumption is overcome by the facts in a given case, then registration is of no avail.

Our conclusion is that the word "Dridip" is so descriptive of the article manufactured and sold by plaintiff that it cannot be the subject of a lawful trade-mark. With this conclusion, no consideration need be given to the defense of a noninfringement.

Judgment of the District Court is affirmed.

PRESIDENT SUSPENDER COMPANY V. HUGH G. MACWILLIAM

United States District Court

Southern District of New York, January 10, 1916

1. TRADE-MARK—ASSIGNMENT.

A transfer of the entire business and good will of an article sold under a trade-mark takes with it the title to the trade-mark itself, for that is appurtenant to the business.

2. TRADE-MARK—NAME OF A PATENTED ARTICLE.

The doctrine that the name under which an article has been sold becomes public property upon the expiration of the patent does not apply to an arbitrary name which is not really descriptive of the article, which may be described by other words. The trade-mark "President" for a patented suspender held to continue as the property of the manufacturer after the expiration of the patent.

In Equity. On final hearing. Decree for plaintiff.

Robert Cushman, for plaintiff.

W. P. Preble, for defendant.

HOUGH, District Judge:—Plaintiff is a corporation which prior to 1914 was known as the C. A. Edgerton Manufacturing Company. It has for many years been engaged in the manufacture and sale of suspenders and garters, and possibly other similar articles. Its corporate existence has been continuous and it will hereafter be called the President Company.

Plaintiff's position summarily stated is that as the owner of the patent in suit it uses the invention thereof in the manufacture of what it calls and sells as "President Suspenders." That it has an established trade-mark in the name "President" as applied to suspenders as evidenced by registration and established by long use in connection with its business; and that the defendant has lately begun to manufacture and offer for sale a suspender of his own make which he calls by the trade name "President," dresses or prepares it for sale in a manner similar to that long employed by plaintiff, and embodies in his style of suspender the invention of the Adams Patent.

It is conclusively proven, and indeed almost admitted, that the alleged infringing article "Macwilliam's suspender" is in all material respects substantially a copy of what the complainant has made for at least fourteen years.

This litigation grows out of an agreement made between plaintiff and defendant on October 1, 1898, a piece of legal draughtsmanship good enough to withstand criticism under almost any circumstances, yet not drawn with sufficient foreknowledge of the unexampled pecuniary success that lay before the humble invention of a pair of cord back suspenders. The parties to this litigation and to that contract are (in a very true sense) here quarrelling over the business unexpectedly created by the aforesaid patent and remaining to be fought over upon the expiration thereof.

For some time prior to 1898 Macwilliam was engaged in business in St. Paul, Minnesota. On August 16, 1898, there was issued to him Patent No. 609,286 for a pair of suspenders. It was proven that even in a small way Macwilliam could make this patented suspender and profitably sell it at fifty cents. By October 1, 1898, he could be fairly said to have an established but small business in this patented article. The patent itself was said at bar to have been the subject of some litigation in which success attended the patentee. If this is true it was not of sufficient importance to give rise to any reported case (See Shepard's Digest of Contested Patents). On the date last mentioned Macwilliam granted to the President Company a license, exclusive (except as to the State of Minnesota, wherein he had previously made other arrangements with a firm mentioned in the contract) "to manu-

facture and sell within the United States to the end of the term for which said Letters Patent were granted, suspenders containing said patented improvements," subject to certain conditions of which the material ones are as follows:

(a) That Macwilliam should turn over and transfer to the President Company "the good-will of his present business of manufacturing and selling said suspenders within the United States, and all orders he now has or may hereafter take within the United States, for the said suspenders."

(b) That Macwilliam will not manufacture or sell suspenders containing said improvements within the United States during the term of said license.

(c) That the President Company should pay Macwilliam a royalty of twenty-five cents for each dozen pairs of suspenders containing said patented improvement and sold by it, which royalty, however, should not be less than \$300 for the first quarter year of the life of the license, and should never thereafter be less than \$2,000 per annum.

After the execution of this agreement Macwilliam closed out his business in St. Paul, shipped to plaintiff his stock in trade and thereafter and until the expiration of the patent, took no part in and exercised no supervision over the business of making suspenders. By agreements, the nature of which is not shown in this litigation, he contributed toward a very extensive advertising campaign on behalf of his suspender, for which he had prior to the grant of his patent devised and used the arbitrary name "President"; and he had also at the same early period habitually put a paper band bearing the colors of the American flag around the web of each pair of his suspenders.

This name and distinctive dressing furnished material for advertising efforts toward which for approximately one-half of the life of the patent Macwilliam contributed two-sevenths and plaintiff five-sevenths.

The expense of advertising was very large, but as a result thereof, and not at all in my opinion as the result of any peculiar merit in Macwilliam's invention, the business of selling President suspenders enlarged in volume and expanded geographically until this article of dress has been sold all over the world, and at the rate

of twenty-five cents royalty per dozen pairs Macwilliam has received over and above all his contributions to advertising about half a million dollars.

It is admitted that not having the benefit of legal advice the President Company in the early days of its license agreement with Macwilliam conceived the idea that Macwilliam and not themselves should protect by registration the word "President" as a trade-mark. Accordingly, and apparently at the instigation and suggestion of the plaintiff, Macwilliam registered the word "President" as a trade-mark for suspenders on May 16, 1899 (No. 92865).

As the years passed, as business and profits increased and the termination of the patent began to be thought of, the plaintiff (evidently under advice of counsel) conceived the idea that it had come to be the owner of the word "President" as a trade-mark applicable to suspenders, and it in turn registered the same word for the same purpose on February 4, 1913 (No. 90103).

The President Company has always done business at Shirley, Mass. It manufactured and long had manufactured suspenders of other kinds beside the President, and for some years past and probably as early as 1909 plaintiff began to associate the word "Shirley" with the word "President" in its advertising matter and on boxes and wrappings surrounding its product. It even put the legend (though this was probably at a somewhat later date) "The Shirley President" upon the tri-colored paper band which surrounded, and always has surrounded, a part of the webbing of the President Suspender.

I believe the fact to be that as the expiration of the patent loomed near, plaintiff perceived that Macwilliam was intending to do what he could toward resuming the suspender business as soon as the expiration arrived; and therefore associated the word "Shirley" with "President" partly because even if it could not maintain an exclusive hold upon the word "President" it was hoped that the two words together might still be its own peculiar property and become associated with a desired article in the public mind.

It is, however, also true that plaintiff used this word "Shirley" in conjunction with the arbitrary trade-names of other articles of its own manufacture. It was and is now a kind of "house flag"

or generic trade-name; whereas (*e. g.*) "President" is a specific trade-name.

Immediately upon the expiration of the patent on August 15, 1915, Macwilliam did begin to do just what I think he was expected to do, and what is the cause of this litigation.

A counterclaim has been embodied in the answer in this case in which Macwilliam sets up his own assertion of right to the trade-mark "President" and seeks to enjoin plaintiff from its continued use.

Contemporaneously with the progress of this cause there have been two interferences in the Patent Office, a reference to which will save some writing on my part. Without any regard to the two registrations of the word "President" as a trade-mark hereinabove referred to, Macwilliam on June 26, 1914, took time by the forelock and applied for a registration in his own name of the word "President" as a trade-mark for suspenders. Against this application the plaintiff herein appeared in opposition, and contemporaneously filed a petition in the office for cancellation of the hereinabove referred to Certificate 32865, granted to Macwilliam on May 16, 1899.

The ground of this petition and opposition is the same as the foundation upon which rests the major portion of this suit. A syllabus may be made of it thus:

- (a) In 1898 Macwilliam owned a suspender business.
- (b) He also owned the word "President" as a trade-mark applied to his suspenders.
- (c) He had also established the habit of dressing his President suspender with a tri-colored band around the web.
- (d) By October 1, 1898, the President suspender so made, dressed and sold by him embodied the invention contained in his Letters Patent 609286.
- (e) On the date last given Macwilliam for a valuable consideration sold the good-will of his business and the business itself to the plaintiff.
- (f) There is no such thing as the conveyance of a trade-mark in gross; it must as matter of law be appurtenant to a business.
- (g) Also as a matter of law the sale and transfer by paper writing of the good-will of a business, accompanied by a delivery

of the tangible assets thereof, is a transfer of the business itself and everything appurtenant or belonging thereto.

(h) Thereafter by the skill, energy and capital of plaintiff the business so transferred, *i. e.* the business of making and selling President suspenders has grown, such growth not being dependent upon any particular merit in Macwilliam's invention nor to any personal effort on Macwilliam's part.

Each and all of the foregoing propositions have been resolved in favor of the plaintiff by the Examiner of interferences, whose opinions have been submitted to me. With them I concur.

The result in the Patent Office has been that Macwilliam's earlier registration has been cancelled and his later attempted registration denied, so that when this case was submitted, so far as the records were concerned the plaintiff was the registered owner of the trade-mark "President" as a registered device for suspenders.

The foregoing findings of fact do not seem to me to require expansion. The conclusions of law hereinabove stated are I think fully sustained both by reason and the authority of the decisions cited by plaintiff, especially *Weener v. Brayton*, 152 Mass., 101; *Fairbanks Co. v. Ogden Co.*, 220 Fed. Rep. 1002 [Reporter, Vol. 5, p. 167], and *Hopkins on Trade-marks*, 2d ed., p. 23.

I am therefore of opinion that although when the patent expired the thing advertised as the President suspender became public property, the business of making that thing and vending it under the name "President," and with the descriptive band around the web, remained by assignment in the hands of the plaintiff.

I am also of opinion that the value which attaches to the trade-mark in question is so wholly the result of plaintiff's activity that entirely irrespective of what I believe to be the contractual rights of plaintiff, it would be entitled to retain control of the word as long as it manufactures the thing, on the simple ground that if it were compelled to share the privilege with another (even Macwilliam) that other would be getting something for nothing.

Nor am I convinced that there is any substance in the contention that the association of the word "Shirley" with "Presi-

dent" has either diminished plaintiff's rights or enlarged those of defendant. Even if it be true that the habit of years has transformed the trade-mark "President" into the trade-mark "Shirley President," yet it is also true that another man who manufactures the same thing under the name "President" would infringe upon the trade-mark "Shirley President." *Foster v. Foster*, L. R., 7 (Chan.) 611; *Saxlehner v. Eisner*, 179 U. S., 19.

So far as the trade-mark part of this cause is concerned the only point that disturbed me when the matter was argued at bar was an inclination to think that since Macwilliam might manufacture the thing known as "President Suspenders," he might call it by the name to which the public was accustomed. I am convinced that this inclination was erroneous (1) because the name "President" is not really descriptive. An arbitrary name may become descriptive when there is no other word by which to make description. This is perfectly illustrated by the famous Linoleum case; but that is not applicable here.

(2) I am also now persuaded that I did not give sufficient weight to the evidence which on consideration shows that (as above indicated) the vogue and success and importance of the word "President" as a trade-mark is not due to the merit of the thing but to the persistence of the advertising and the push of the plaintiff.

It was also an attractive suggestion on behalf of the defence that since Macwilliam had contributed to the advertising, the importance of which was never denied, he ought equitably to be admitted to some share in the profits of the business that grew out of that advertising. Upon the whole I incline to think he has been sufficiently rewarded by the extraordinary profits that have fallen to his share out of this trivial invention. He did contribute to the advertising, but it was the advertising and not the inventive merit that gave him his royalties. Therefore he got his pay out of the royalties and must be presumed to have had that in contemplation when he made the contributions.

But whether the foregoing be legally conclusive or not, these equitable considerations cannot prevail against what I believe to be the necessary and inevitable legal result of the conveyances and course of business hereinabove sufficiently set forth.

To that portion of the bill which complains of unfair competition there is substantially no defence. Whatever may be Macwilliam's rights in the trade-mark he cannot appropriate a form of dress which has nothing to do with the trade-name. *Centaur Co. v. Hughes*, 91 Fed. Rep. 901.

* * * * *

As to the Adams patent, the bill is dismissed. In all other respects the plaintiff may take a decree as prayed for. Costs are awarded to the plaintiff.

THE BALDWIN COMPANY V. R. S. HOWARD COMPANY

United States District Court

Southern District of New York, May 15, 1916

1. PROPER NAME—RIGHT TO USE.

A piano salesman who procures pianos to be made by his employer under his name "Howard" and sells them on a commission basis is a mere employee and has no business or trade-mark. The right to use the name as applied to pianos and the good will of the business built up therein belongs to the employer.

2. UNFAIR COMPETITION—USE OF PROPER NAME.

An employee who under the above circumstances leaves his employer and organizes a corporation bearing his name, must so use his name as to differentiate his product from the product manufactured and sold by his employer under that name.

3. PATENT OFFICE PROCEEDING—INJUNCTION.

Injunction denied to restrain further prosecution of proceeding for cancellation in the Patent Office. Whether the court has the power to do so queried.

Final hearing in Equity, plaintiff suing for infringement of trade-mark 31,411 registered May 8, 1898; also of trade-mark 46,993, registered October 17, 1905; also of the name "Howard" as a common law trade-mark for pianos, and for unfair competition in that the defendant uses, or threatens to use the name "Howard" in marking, and in connection with the sale of pianos as distinguished from the name "R. S. Howard Company," "R. S. Howard Co.," or "R. S. Howard."

The registered trade-marks referred to cover the word "Howard" as applied to pianos, the earlier one in connection with certain

initials indicative of the selling corporation, and the later one the same word displayed in a peculiar or distinctive manner or type.

The prayer of the bill is for the usual relief, and in addition that defendant be enjoined from further prosecuting certain cancellation proceedings now pending in the Patent Office in respect to the said two trade-marks.

The plaintiff company is the successor in interest, title and business of the concerns (*inter alios*) which registered said two trade-marks. Those concerns either made or sold (or both) pianos marked conspicuously "Howard" and known as Howard pianos. Since 1896 the plaintiff and its predecessors in title and business have pursued this trade, and the mark "Howard" has always been associated with a continuous trade which now belongs to the plaintiff. The foregoing is so abundantly proven (and to a large extent undisputed) that the whole line of corporations or partnerships antecedent in business to the present plaintiff will be hereinafter spoken of as the "Baldwin Co." or the "Baldwin concern."

The defendant company was organized in 1902 for the purpose of manufacturing and selling pianos. In it Mr. Robert S. Howard was and always has been the controlling spirit. The Company (so to speak) was made out of a piano factory in the City of New York plus the selling ability and salesman's reputation of Mr. Howard.

The defence is that the R. S. Howard Company is the successor of Mr. Howard, who was the first to adopt and use the name "Howard" as a mark for pianos in the year 1889; that he so continued until 1902, when he transferred his business, including the trade-mark or mark or name "Howard" to the defendant, which has continued to use that name down to the time this suit began.

Defendant therefore counterclaims and prays for affirmative relief in that it may be adjudged to be the sole owner and entitled to the exclusive use of the name "Howard" as a trade-name or trade-mark applied to pianos, and that the plaintiff be enjoined from using that name or the name "Howard Piano Company" in connection with the manufacture and sale of pianos, and also from registering the name "Howard" as a trade-mark in foreign

countries, and be compelled to cancel the existing registrations in the Patent Office.

Lawrence Maxwell, Edmund Wetmore, John E. Cross, and Oscar W. Jeffery, for plaintiff.

Samuel S. Watson, for defendant.

HOUGH, D. J.:—The cancellation proceedings above referred to were brought long before this suit, and the record herein largely consists of the evidence taken in the Patent Office by both parties. It is exceedingly voluminous, and descends into great detail. About these details there is that uncertainty, if not contradiction in nonessentials, which must always be the case when even intelligent and well-intentioned men testify regarding occurrences of many years ago.

After perusing the entire record, however, I am of opinion that as to all relevant facts (in the sense of visible or audible phenomena) there is almost no difference between the parties hereto. Contradictions exist, but they are rather in the inferences to be drawn from what was said or written than in respect to the happening of this or that event. I shall, therefore, make the findings of fact herein comparatively brief.

Mr. Robert S. Howard began his active career as a piano tuner in Ohio about 1877. He plainly developed ability far beyond the usual as a salesman, until in 1889 when he entered the employment of the New England Piano Company of Boston. I have no doubt that Mulcahy (one of the principal employees of the New England concern) testified accurately when he said that though he had never before met Mr. Howard, he had known of him for years as a piano salesman and traveller, and "we" (the New England people) "all congratulated ourselves on making the connection with him."

Nor is it doubted that Mr. Gibbs of Chicago, who had known Mr. Howard for a long time, correctly described him as a "very popular and prominent traveller and well liked by the trade."

The New England Company manufactured pianos in a Boston factory, one entrance to which was on Howard Street. There are indications that this fact had something to do with the use of the name "Howard" by that concern; but undoubtedly the principal

and controlling reason for selling pianos of their make with any variant of the word "Howard" on the "fall-board" was due to the fact that Mr. R. S. Howard wished to have it done when he became a salesman for the Company.¹

The New England Piano Company's product consisted of two grades of pianos. The superior quality bore and was sold under its own name; the inferior product (consisting of about 40 per cent of the output) was given any name that any customer wished, and Mr. Howard's selection of his own name was but one instance of a common but harmless trade deception. It assisted Mr. Howard in selling pianos. The position of the purchaser is amusingly stated by Scanlon, who, when he was asked as to how a man who bought the piano knew the maker, replied, "You will have to ask that question of the fellow who sold it to him; I never attempted to explain that."

The first consignment of pianos bearing any variant of the name "Howard" went from the New England factory to the Pacific Coast in 1889, and I have no doubt from the testimony of Howard himself and from that (*inter alios*) of Fox of Chicago, and Dierks of Pittsburg, that Howard represented that the pianos he was selling were "made for him" by the New England Piano Company. This statement was not true. Mr. Howard did give to Scanlon and others his views as to how a piano should be regulated, both as to tone and action, and he probably also expressed opinions as to what constituted an attractive case; but it amounted to no more than what Scanlon testified to, viz.: that it was always his custom with anybody that he employed to represent the concern outside, to have them go to the factory, see how the product was created, and "we were always glad to get suggestions, and always ready to try the suggestions."

The New England Company's pianos that Howard sold were simply its second quality instrument, and he was a salaried employee. He did not buy the pianos, nor sell them at his own risk. Indeed, Howard himself testified (in the cancellation proceeding and before this suit brought), "I never worked on a commission in my life." But he was paid a stipulated salary by the New

¹ The New England Piano Company was the trade-name of one Scanlon, but it will be spoken of throughout this Opinion by its corporate sounding title.

England Company, which salary was not based on the number of pianos sold in any year, although he did get (apparently as a gratuity) \$1,000 more than his agreed salary the first year he worked for the New England concern, and thereafter his salary was increased from year to year.

In 1894 Howard transferred his allegiance to Fischer & Company, but until 1896 or 1897, whenever he got a chance to sell a piano with the Howard mark upon it he did so and sent in the order to the New England Company. Scanlon says this ceased about 1897; it probably stopped in 1896. No other salesman except Howard sold pianos with the "Howard" mark upon them. No "royalty" was ever paid for the use of this name, but, as Howard himself testified, the sales were made "for the good of the New England Piano Company's business as a whole."

There is no doubt that from the time any variant of "Howard" was inscribed upon pianos the retail trade, the user and the public generally spoke of them as "Howard" pianos; but there is no completely satisfactory proof that the New England Company ever put out any piano bearing the word "Howard" alone. There is evidence that it was done, but after the most careful search, but one specimen of such a piano has been found in the whole United States, and I do not think that the exact date of this piano has been clearly shown. It is found that any use of the word "Howard" on the fall-board of a piano made by the New England Company was sporadic; but there were thousands sold under the title "R. S. Howard & Co.," "Howard, New York," "Howard & Co., Boston" and "R. S. Howard & Co., Boston." After 1896 the New England Company completely ceased using any variant of the word "Howard"; whatever right or title they had in or to that name was abandoned.

In that year Howard entered the employment of the Baldwin concern. The arrangement was oral, and with a Mr. Wulsin, who died before suit was brought. Howard says that pianos bearing his name were to be manufactured for him at an agreed price, of which he had a memorandum, and he was to be credited with the difference between that price and the price he obtained for them; *which was the same arrangement that he had had with the New England Company.* He guaranteed all the pianos, and purchased outright

from the Baldwin Company a good many instruments, which he either sold to dealers or consigned to them.

This testimony is untrue, because he never had any such arrangement with the New England Company, and it is utterly inconsistent with his previous oath that he never worked on a commission in his life. The account books produced by the plaintiff persuade me that until 1899 Howard did work on a commission; he did sell pianos bearing the name "Howard" with the adjuncts set forth in the first registered trade-mark; but he also sold all the other makes produced by the plaintiff¹ if he could; and any other salesman for the plaintiff sold "Howards" if he found a market for them.

It is true that if Mr. Howard found a customer whom he liked and would take a risk on he guaranteed the account; but the sale was always made by the plaintiff, and the business of selling was the plaintiff's; and it was not until 1896 that the word "Howard" alone was habitually and extensively used on the fall-board of any piano.

In 1899, by written agreement, Howard became a salaried salesman for plaintiff, and within the territory allotted to him continued to do just what he had done from 1896-1899. In 1902, he resigned from plaintiff's employ, established the defendant Company, and began to put out pianos uniformly marked on the fall-board with the corporate name. I am of opinion that there is no evidence that defendant corporation has ever put the word "Howard" alone on the fall-board of a piano; but there is no denial of the statement that beginning in or about 1913, the name "Howard" unaccompanied by any initials or addendum was placed on the back of the piano.

The result of the foregoing is that with the exception of a few sporadic instances of which only one has (even by defendant's contention) been located, the only piano labelled on its front with the word "Howard" (*simpliciter*) ever put forth is plaintiff's instrument, of which the sales have grown from about 140,000 in 1896 to upwards of a million dollars in 1914. This business is the

¹ It is to be remembered that the word "plaintiff" as used herein covers not only the Baldwin Company, but all its predecessors in business and assignors of business.

result of the energy of the plaintiff, undoubtedly assisted from 1896-1902 by Mr. Howard, for which assistance he was fully paid at rates presumably satisfactory to himself.

The foregoing findings of fact (if correct) leave the case resting upon legal principles so simple as to require but little discussion.

In and prior to 1896, if anybody had or could have a trade-mark in the word "Howard" or any variant thereof as applied to pianos, the New England Piano Company had it. Whatever that Company had it abandoned.

If Howard's story of the relations established by him with the Baldwin concern in 1896 were true, a good deal might be said in favor of the proposition that he had a trade-mark.

But not only is the statement untrue because inconsistent with other testimony of his own, and with the account books of the plaintiff (as above shown), but it largely consists in Howard's narration of what Mr. Wulsin said to him on his becoming a Baldwin salesman. This evidence is obviously obnoxious to Section 829 of the New York Code of Civil Procedure; but if considered, such consideration renders Mr. Wulsin's report to his corporation of the circumstances of Howard's employment competent evidence.

Having regard to the probabilities of the matter and to the contradictions of Howard's testimony, I have no doubt that, as Wulsin stated, it was "clearly understood that the use of this name ('Howard') gives no rights to Mr. Howard other than his privilege to sell to dealers acceptable to us,—his compensation being price received in excess of \$95 for style 7."

If Howard had no business when he entered the Baldwin employ, and his agreement with plaintiff was as above found, he certainly created no business during his period of employment in the sense that must be assigned to that word in order to sustain trade-mark rights.

Down to 1902 Howard was not a manufacturer, a jobber or a retailer of pianos; he was a salesman, receiving (as he says) a salary only; or (as I believe) sometimes a salary and sometimes a commission, perhaps at times both; but always and all the time his relation to his employers was exactly that of a highly favored clerk who sells (for example) neckties over a counter, and being a

well-dressed man himself is permitted to call one of his employer's styles of neckties by his own name.

That there can be no such thing as a transfer of a trade-mark in gross is too true to need citation to support it. If in 1902 Howard had no established business of his own, he had no trade-mark.

That Mr. Howard had an established and well tested capacity to get business and make business is an entirely different thing; this he had, and this, and this alone, he contributed to the R. S. Howard Company. It seems to have turned out a valuable contribution. But because he had no business other than his own active mind and winning ways in 1902, he could not hand over to the defendant any rights even in his own name which were appurtenant to and dependent upon a business of manufacturing, buying and selling belonging to him. As above pointed out, he was not even a jobber, and never had been, and therefore the case much relied upon by defendant of *Nelson v. Winchell*, 203 Mass. 75, is inapplicable.

What Howard did have in 1902 was the undeniable right to use his own name in his own business, and this he has done, and this is all he hoped to do (in my judgment) until about 1904, when he began to talk with plaintiff's New York representative about getting sole control of the name "Howard." He followed up this thought in 1905 by beginning two actions in the Supreme Court of this State against plaintiff and some of its officers. The complaint in that case is instructive. It sets forth over Howard's verification that since 1889 Howard had manufactured or caused to be manufactured and sold a style of piano "created by him" which he caused to be marked with the name "Howard." That in 1897 after Howard had been manufacturing or causing to be manufactured and sold pianos bearing this name of "Howard" for upwards of eight years, he entered into an agreement with D. H. Baldwin & Co. whereby that concern "agreed to manufacture said pianos bearing the name 'Howard' for said Robert S. Howard." And finally this complaint states that in consideration of this agreement he permitted Baldwin & Co. to use his name "Howard" upon pianos manufactured by them for sale in their stores.

It is further instructive to compare this verified complaint with defendant's verified application to cancel plaintiff's trade-marks herein. In that application it is said that in 1889 and prior thereto Howard was engaged in New York in the sale of pianos manufactured for him, and in that year he adopted "Howard" as his trade-mark for the pianos manufactured for him and sold by him, and that he continued to have pianos so manufactured and marked continuously until the time he transferred said trade-mark, together with his business of manufacturing and selling pianos to the defendant herein.

The pleadings in the New York Court, in the Patent Office and in this Court when compared with the testimony appear to me to furnish very strong confirmation of the result in matters of fact above attempted to be set forth.

This course of pleading and defendant's line of argument all rest, I think, upon the assumption that a trade-mark or trade-name is something that belongs to the first devisor thereof through every change of his business relations, and follows him like a Patent or a copyright. On this point the recent decision in *Hanover Co. v. Metcalf*, 240 U. S. 403 [Reporter, Vol. 6, p. 149] is perhaps sufficient authority. My own views I have set forth at some length in *Carroll v. M'Ilvaine*, 171 Fed. Rep. 125, aff'd 183 Fed. Rep. 82, and lately in *President Suspender Co. v. Macwilliams*, Opinion dated January 10, 1916 [Reporter, Vol. 6, p. 303].

The net result is that plaintiff, and plaintiff alone, is entitled to use the word "Howard" (*simpliciter*) on the fall-board of pianos, in the name of the Company that manufactures those pianos or handles them or sells them, and in advertising matter relating to pianos. Similarly the defendant and defendant alone is entitled to use "R. S. Howard," or "Robert S. Howard" in like manner. In other words their relations to the word "Howard" must remain as heretofore, and as acquiesced in by both parties until in 1914 Mr. Howard began the cancellation proceedings in the Patent Office.

I am inclined to think that if this Court has the power, it is inadvisable to seek to prevent the continuance of the cancellation proceedings in the Office.

It is plain to me that the object of these proceedings is primarily to get rid of something which constitutes an obstacle to the

extension into certain foreign countries (*e. g.* Cuba and Uruguay) of the business of the R. S. Howard Company.

I doubt whether under our law the name "Howard," being a not infrequent surname and place name, can be appropriated as a strict trade-mark. I have no doubt that the original registration of 1898 was made with the full knowledge and consent of Mr. Robert S. Howard. He admits the knowledge; the consent is implied from the course of business. But if he could not make a strict trade-mark out of his own name, I am unable to see how anybody else could do it even with his consent.

The defendant's counterclaim must be dismissed with costs, and the plaintiff given a decree with costs; but I incline to ground that decree solely on principles of unfair competition, and leave the trade-mark situation to take care of itself; but upon this point I am willing to hear further argument if the matter is pressed, as it was not much alluded to in argument.

CHAPIN-SACKS MANUFACTURING COMPANY V. HENDLER
CREAMERY CO.

(231 Fed. Rep., 550)

United States District Court

District of Maryland, March 16, 1916

1. TRADE-MARK—DESCRIPTIVE TERM.

The words "The Velvet Kind" applied to ice cream have been used in the trade by manufacturers in various parts of the United States as indicative of a desirable quality in their product. In view of such usage, it cannot now be exclusively appropriated by one manufacturer. It must be regarded as a term of trade description.

2. UNFAIR COMPETITION—TERRITORIAL LIMITATION.

Goods which in the same territory would constitute unfair competition are not actionable if done in a territory distinct from that occupied by the person claiming to be aggrieved. A manufacturer of ice cream in Baltimore who imitates the brand, color of tubs and wagons and the style of advertising of a manufacturer in Washington does not interfere with the rights of the latter party who has no trade in Baltimore.

Injunction granted to restrain the goods specified in territory occupied by the plaintiff.

In Equity. On final hearing. Decree for complainant.

Isaac Lobe Straus, of Baltimore, Md., and *Walter A. Johnson* and *Edward G. Siggers*, both of Washington, D. C., for plaintiff.

John Watson, Jr., and *Jacob M. Moses*, both of Baltimore, Md., for defendants.

ROSE, District Judge:—The Chapin-Sacks Manufacturing Company is incorporated under the laws of Virginia. It will be called the plaintiff. One of the defendants is a citizen of Maryland. He will be referred to by his surname. The other is a Maryland corporation. It will be designated the Creamery Company. In March, 1912, it succeeded to Hendler's business. He is its president and the active man in its management.

The plaintiff originally made ice. It thought it could profitably use some of its output in the manufacture of ice cream. It made up its mind to call its product "the velvet kind," because, as one of its officers testified, those words were in keeping with the kind of cream it intended to put upon the market. It began to make ice cream in the spring of 1905. In December of that year it filed an application which ultimately resulted in the registration under the federal law of the words "the velvet kind" as its trade-mark.

Defendants also call their ice cream "the velvet kind." Hendler did not begin the use of that phrase until some months after the plaintiff had adopted and extensively advertised it. It was, indeed, such use and advertisement that suggested it to him. In addition to a charge of unfair competition, to be considered subsequently, the plaintiff says that defendant infringes its trade-mark. Defendant replies: The plaintiff has no trade-mark, because the words "the velvet kind," as applied to ice cream, are so far descriptive that they cannot be appropriated to the exclusive use of any one maker or dealer.

Plaintiff admits that the words "the velvet kind" are suggestive that the ice cream to which they are applied possesses a desirable quality, but it says that they are not so far descriptive that they may not be made a trade-mark. One may make a trade-mark out of a name or phrase which has some element of suggestion about it. "Ceresota" is a good trade-mark for flour, although

perhaps it is made up by the addition to the name of the goddess of grain of the last two syllables of the three hard wheat states of Minnesota and the Dakotas. *Northwestern Consolidated Milling Co. v. Mauser* (C. C.) 162 Fed. 1004. But no one, by marking his flour "Splendid," could prevent others from describing theirs by the same word. *Ex parte Stokes*, 64 O. G. 437.

Such extreme cases are valuable only as illustrating the principle. They give little help when the question is as to words or phrases much nearer the line. No useful purpose would be served by an analysis of the cases cited by the plaintiff. The particular atmosphere of each case, and the personal equation of the judge who decided it, play their part. Some words which have been held descriptive will not appear to every one to be as much so as others which other judges have said were merely suggestive. Some cases on which the plaintiff relies, such as that of *Consolidated Ice Co. v. Hygeia Distilled Water Co.*, 151 Fed. 10, 80 C. C. A. 506, are not in point, because the court there concluded that the word in dispute, viz. "Hygeia," had not found a place in our vocabulary as a word of descriptive or qualifying import. In the present case, the lexicographers and the evidence of the trade show that "velvet" had, long before its attempted appropriation by the plaintiff, been used as such a word. In one of its secondary meanings it had been recognized as a synonym for softness and smoothness. One of the cases cited is *Albers Bros. Milling Co. v. Acme Mills Co.* (C. C.) 171 Fed. 989. The court there stated that, while the word "cream" as applied to rolled oats did not seem descriptive, if in point of fact, before its adoption by the plaintiff as its trademark, the word had been regarded as descriptive by the trade, the plaintiff could not have acquired any exclusive right in it. The evidence is very clear that the ice cream trade, both before and since the spring of 1905, have considered the word "velvet" as descriptive of certain desirable qualities of ice cream. Before plaintiff tried to make a trade-mark out of the word "velvet," or the words "the velvet kind," the former had been used as descriptive of ice cream by the Detroit Creamery Company, the Peoria Wholesale Ice Cream Company, by a maker of ice cream in Marshfield, Wis., and by another at Erie, Pa.

Plaintiff says that it is not shown that any of those persons attached those words to the ice cream itself, or to the containers in which it was sold, and it therefore argues that such uses did not constitute valid anticipations of its mark. The evidence shows that before plaintiff called its cream "the velvet kind" the Detroit Creamery Company affixed to the tubs in which it sold ice cream the words "velvet brand." The evidence is probably sufficient to show that the Peoria Wholesale Ice Cream Company did as much with the word "velvet." Nevertheless the acquirement of a valid trade-mark by an ice cream maker in Detroit and by another in Peoria would not, if their trade was strictly limited to those cities and surrounding territory, prevent the subsequent acquirement by the plaintiff of a good trade-mark in the same words for Washington and its vicinity. *Hanover-Star Milling Co. v. D. D. Metcalf*, 239 U. S. 403, 36 Sup. Ct. 357 [Reporter, Vol. 6, p. 149].

But that is not the question now under consideration. The use of the word by so many and by so widely scattered concerns in connection with ice cream is evidence that in the trade it was then understood and used as descriptive of a quality which was sought in that article. The general use before and since of the word for that purpose is abundantly brought out in the testimony. The evidence shows that, in addition to its use by the plaintiff and the defendants, it is or has been used in forty-one different towns or cities, distributed over twenty states and one province, from New York to Texas, and from Manitoba and Wyoming to Florida. The word has now, to universal acceptance, become descriptive of ice cream. Few or none of the concerns which are using the word, however late their use of it began, are in any wise competing with the plaintiff, either fairly or unfairly. It has never attempted to sell its product where they sell theirs. If the record did not show, as it does, that in the ice cream trade the word "velvet" had become descriptive of certain kinds of ice cream before the plaintiff went into the ice cream business at all, nevertheless that word is now so. Plaintiff has known the trade usage in this respect, and has not attempted to check it. It is now too late for the plaintiff to assert exclusive rights, if it ever had any. *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19, 21 Sup. Ct. 7, 45 L. Ed. 60.

Plaintiff points out that the Patent Office has allowed some sixty registrations of the word "velvet" as a trade-mark for various things. In some, perhaps in the majority, of these cases there can be no question that the ruling was right. Where velvet is applied to grate bars, furniture casters, bricks, etc., it is scarcely suggestive. It is certainly not descriptive. In others of the cited cases, the question is a closer one. Registration actually was granted to this particular plaintiff for these very words. The Patent Office has great practical experience in dealing with such matters. Its conclusions are presumptively correct. They should not be lightly disregarded; but the evidence that in this particular trade, at least, the words had become so far descriptive before plaintiff sought to appropriate them that they could not be put to its exclusive use, is in my view so conclusive that it must override any presumption arising out of the action of the Patent Office.

The conclusions stated dispose of so much of plaintiff's case as rests upon its claim to the possession of a valid trade-mark. But that does not necessarily end the matter.

Plaintiff charges that, irrespective of whether it has or has not a good trade-mark, defendants have unfairly competed with it. Hendler was living in Washington in 1905. His father had been in the dairy business in or near Baltimore. The words "the velvet kind," as displayed by the plaintiff, attracted his attention. He seems to have appreciated their advertising value. He returned to Baltimore toward the close of the year named, and began preparations to go into the ice cream business. He made up his mind that his ice cream also should be called "the velvet kind," and when, at the opening of the season of 1906, he began to put ice cream on the market, he called it "the velvet kind," and he and the Creamery Company have continued to do so ever since. In the color of his tubs, in the painting of his wagons, the character of his signs, and the methods of his advertising he followed the plaintiff. The resemblance in all of these respects is close. Yet there is no reason to believe that when he first gave the name "the velvet kind" to his ice cream, or when he copied plaintiff's methods of advertising and marketing its wares, he was trying to filch its trade. He began his business in Baltimore, and in that

city and its immediate suburbs he and his successor have always sold much more than nine-tenths of all the cream they made. Neither of them has ever sold, or ever tried to sell, any in Washington. On the other hand, plaintiff has never sought trade in Baltimore, and in point of fact has had none there. It may possibly have on a very few occasions, at the request of some individual in Baltimore, shipped ice cream to him; but even so much is scarcely established, and, if it were, it would be one of those very small things of which the law proverbially takes no notice. Hendler followed plaintiff, not for the purpose of stealing plaintiff's trade, but merely because imitation was easier than invention.

It is scarcely possible to hold one guilty of unfair competition in markets in which there was no competition at all. It is true that the record shows that defendant's cream is even now poorer in quality than that of plaintiff. It still contains on an average of 10 per cent. less butter fat, and it is now admittedly of a better quality than it formerly was. Scientific tests of the two creams, moreover, show that as a result, doubtless, of more careful methods of manufacture, plaintiff's is a cleaner ice cream, and contains markedly fewer bacteria.

Plaintiff says that Baltimore and Washington are distant from each other but forty miles in space, forty-five minutes in time, and that the residents of one are frequently in the other, so that the reputation of its cream in Washington is impaired by the fact that a cream sold under the same name in Baltimore is an inferior article. Some such results are conceivable, but it hardly seems possible that they can be realized to an extent sufficient to make them of any practical importance. Defendant's cream is the poorer cream, yet in Baltimore it has a large and rapidly growing sale. Its defects, whatever they are, are not apparent to every one's taste, and in Annapolis, in which it will be presently seen the two creams come most sharply in competition, the largest retail dealer, and the one whose trade can best afford to be particular as to quality, sells defendant's exclusively. It must be remembered that, if plaintiff has not a trade-mark in the words "the velvet kind," it does not even claim to have any exclusive rights in the color of its tubs, the shape, color, and general appearance of its wagons, or its advertising signs. It is true it

has the right that no man shall use any of these things to sell his goods to people who want its goods, but for any other purpose all the world is free to use any or all of them. In Baltimore and everywhere else in which defendant sells its goods at all, except in Annapolis and Laurel, there is no chance of defendant taking any of plaintiff's trade, for plaintiff has never had any, and apparently never wanted any.

There has been competition in Annapolis and Laurel. Each of these places is about equally distant from Baltimore and from Washington. Did the defendants in them compete unfairly with the plaintiff? It is probable that Hendler's ice cream was sold in Annapolis before plaintiff's. It is possible that the tubs in which it was there shipped may have been marked "the velvet kind"; but, even if that much be admitted, Hendler's sales were insignificant in quantity, and there was at that time no advertisement of his cream as "the velvet kind." Plaintiff's business in Annapolis was the direct outcome of the high reputation for cleanliness and careful manufacture it had already established in Washington. It began in 1908. In that year it sold 1,005 gallons. The demand grew rapidly, and the sales of 1910 were nearly six times as great. In that year Hendler for the first time made any serious attempt to do business in the capital of Maryland. He then engaged a very capable and energetic agent. He sold 873 gallons. That was between one-sixth and one-seventh of plaintiff's sales the same year. In the next three years his and his successor's business grew so that in 1913 the latter sold 4,500 gallons more than he had three years before. In the same period plaintiff's sales increased 14,400 gallons.

At the beginning of 1914 plaintiff announced an increase of fifteen cents a gallon in the price of its cream. Its customers, as those of the defendant, were retail dealers. Most of them refused to pay the increased price, when they could get another velvet kind for the old, and even, as it turned out, for less. The Creamery Company saw its opportunity. It put a delivery wagon on in Annapolis, offered to deliver, pack, ice, and salt its cream and keep it, while in the possession of the retailer, iced and salted, free of charge. This amounted to a reduction of some cents a gallon.

It for the first time advertised its ice cream in the Annapolis papers as "the velvet kind." Plaintiff soon reduced its price to its former level, but the damage had been done. In 1914 it lost nearly two-thirds of its trade. The Creamery Company more than doubled its. In 1915 the plaintiff sold nearly four times as much as the Creamery Company; in 1914, but little more than one-half as much. Plaintiff's sales fell off 13,000 gallons. The Creamery Company's increased 8,300 gallons. Some, if not all, the difference between what the plaintiff lost and the Creamery Company gained went to swell the trade of other dealers, who did not call their ice cream "the velvet kind." In 1915 plaintiff recovered about two-fifths of the ground it had lost. The Creamery Company held the greater part, but not quite all that it had gained. In that year the sales of the two creams in Annapolis were nearly equal, the plaintiff having a little the best of it.

When Hendler began to press his sales in Annapolis, he was bound to remember that he had taken the name that plaintiff gave its cream, and had followed it more or less closely in the way of advertising and marketing. He had the right to do so when there was no danger of thereby leading people who wanted plaintiff's cream to buy his. Under the conditions which prevailed in Baltimore, there was no occasion to take precautions against dangers that did not exist, but where he was in active competition with plaintiff, as at Annapolis, the situation was different. He had unnecessarily, and merely to save himself the trouble, so carried on his business that, in any locality in which both creams were sold, confusion with plaintiff's goods was highly probable, if not inevitable. He and his successor have found such confusion useful in taking trade away from plaintiff. Under such circumstances he was bound, at his peril, to prevent it. All experience shows that, in an article of this kind, the mere fact that he displayed his own name in connection with the ice cream was not sufficient to keep people from buying his wares when they wanted plaintiff's. Defendants, it is true, have a right to say their cream is "the velvet kind," precisely as they have the right to paint their tubs yellow, to use similar delivery wagons, to furnish their customers with cabinets which closely resemble those of plaintiff, and to display signs and banners which make almost the same

impression on the eye as do those of the plaintiff; but they cannot do one, or all, or any, of these things for the purpose of confusing their goods with those of plaintiff's. This is especially true when their goods are to their knowledge inferior to its. If Hendler had taken the trouble originally to design an advertising scheme, instead of appropriating that of plaintiff, the defendants would not now be subject to any embarrassment. He did not, and they must submit to whatever is necessary to protect plaintiff from the annoyance and loss resulting from a confusion which they have caused.

Laurel apparently furnishes a much smaller market for ice cream than does Annapolis. Defendants' competition, while smaller in amount and less systematic in character, is carried on at Laurel in the same way as in Annapolis, and must fall under like condemnation.

The filing in one of the equity courts of the state of Maryland in 1910 of a bill against Hendler, charging trade-mark infringement, and a failure to press the case, so that the bill was dismissed for want of such prosecution, is not a bar to this suit; certainly not to the granting of the limited relief to which plaintiff has been found entitled.

A decree will be entered which will so restrain defendants in their ways of advertising, marking, and selling their cream in Annapolis, in Laurel, and in any other places in which the plaintiff, prior to the institution of this suit, was selling its cream, as will remove all reasonable danger of defendant's cream being sold as plaintiff's, or under the reputation acquired by plaintiff. The terms of such decree, if the parties cannot agree upon it, will be settled at an early date.

In view of the fact that the relief asked by plaintiff was much broader than that to which it has been found entitled, and that a considerable part of the costs were incurred in a contest over the claim of the plaintiff to that which has been denied, the decree will require each party to pay one-half the costs.

DEISTER CONCENTRATOR CO. v. DEISTER MACHINE CO.

(112 North Eastern Rep., 906)

*Appellate Court of Indiana**May 22, 1916*

1. PROPER NAME—RIGHT TO USE.

The organizer of a corporation to which he gave his own name does not, upon the severance of his connection with the company, part with any of his rights to the use of his name, in the absence of a specific contract to that effect. The right to use one's own name is limited only by the obligation so to use it as not to represent one business, or an article of one manufacture, as that of another.

2. UNFAIR COMPETITION—DECEPTION—INTELLIGENCE OF PURCHASERS.

In determining the likelihood of deception arising from facts alleged to constitute unfair competition, account should be had of the character of the purchasers to whom the goods are sold. Where the goods are machines sold only to those skilled in a particular business, the likelihood of deception is diminished.

3. UNFAIR COMPETITION—QUESTION OF FACT.

No inflexible rule can be laid down as to what will constitute unfair competition. It is a question of fact to be determined by the circumstances of the particular case, as affecting the likelihood of deception.

Appeal from a judgment of the Circuit Court, DeKalb County, in favor of defendants. Affirmed.

Elmer Leonard, James H. Rose, Fred E. Zollars, Robert S. Taylor, and Edwin M. Hulse, all of Ft. Wayne, for appellant.

Barrett, Morris & Hoffman, of Ft. Wayne, for appellees.

MORAN, J.:—This was a suit by appellant, Deister Concentrator Company, against Deister Machine Company, Emil Deister, William F. Deister, and Charles G. Williams, appellees, seeking injunctive relief and damages for unfair competition in trade.

No error is predicated as to the rulings upon the pleadings; therefore it is sufficient to state that the complaint is in one paragraph, to which was addressed a general denial and an affirmative paragraph of answer, to which affirmative paragraph of answer a reply in general denial was filed.

The facts were found specially by the court, and conclusions of law stated thereon, which were adverse to the appellant, and from a judgment upon the conclusions of law that appellant take

nothing by its suit, and that appellees recover costs, an appeal has been taken by appellant, assigning as error the action of the court in stating the conclusions of law on the facts specially found, and in overruling appellant's motion for a new trial.

The facts specially found by the court, material to an intelligent presentation of the questions arising thereon may be summarized as follows: Appellee Emil Deister for several years prior to the bringing of this suit had been engaged in designing a machine called a concentrator for the separation of gold, silver, copper, and other materials from foreign substances, which, in general appearance, resembles a wooden table inclosed on three sides, with retaining boards, and when in operation has a vibrating movement by which the minerals, on account of their specific gravity being greater than that of foreign substances accompanying the same, drop into riffles or pools in the table, and the foreign substance or refuse is discharged at the lower inclination of the table. Up to May 21, 1906, he had obtained certain patents from the United States government, and on this date incorporated appellant company with a capital of \$200,000 for the purpose of manufacturing and selling such machinery, the patents of which he assigned to the company in consideration of fifty-one per cent of the stock, retaining the rights to manufacture the same in the United States for sale in foreign countries. One-fourth of the stock was assigned to William H. Bensman and Walter G. Burns, who had rendered him valuable assistance financially. The balance of the stock other than a small amount that had been issued to secure additional funds was held as treasury stock and thereafter sold. Appellee Emil Deister through his inventive genius designed new and valuable mining machinery after the incorporation of the company, and assigned the patents therefor to the company without further consideration. By a process of advertising in trade journals and catalogues the business developed so that on December 15, 1911, the company had transacted business to the amount of \$500,000. The numerous patents all bore in some manner the word "Deister," so that the name became a valuable property right. On account of a dissension that arose between appellee Emil Deister and other stockholders he and his brother, appellee William F. Deister, sold all of their stock in the company

to the other stockholders about the first of the year of 1912, appellee Emil Deister receiving for his stock the sum of \$92,000, but neither of the Deister brothers were in any way restricted from using the name "Deister" thereafter, nor from engaging in the manufacture and sale of mining machinery under this name. About the time of the organization of appellant company appellee Emil Deister sold the same patents assigned to appellant company to certain parties for the republic of Mexico, and appellant company sold to Emil Deister from time to time a large number of catalogues to be used in advertising his trade beyond the borders of the United States. The Deister brothers, after withdrawing from appellant company, continued in business at Ft. Wayne in selling mining machinery in foreign countries, and on June 15, 1912, they organized a corporation with a capital stock of \$200,000 under the name of "Deister Machine Company," and in the meantime they procured new patents for improved mining machinery, which they assigned to the new corporation, which latter company proceeded to manufacture for the trade throughout the world, and proceeded to manufacture machinery under the old patents for the trade beyond the United States and Mexico. The new machine used the name Deister in connection with other characters and words, and was made on the same general principle as those manufactured by appellant company, differing, however, as to the construction and method of operation. The business was advertised in trade journals and catalogues, designating wherein the machinery manufactured and sold differed from all other similar machinery for this purpose. The catalogues were of different color than that used by appellant company, and the advertising matter contained nothing to mislead or deceive the public, and bore the further statement, "Note carefully the new name." That since the commencement of this suit appellees have advertised that the "Deister Machine Company" was a separate and distinct company from appellant company. That appellee company was organized in good faith, and with no intention of injuring appellant company, and has not attempted to sell any of its machines as the product of appellant company. The machinery made and sold by both companies is not sold through retailers generally, but, as a usual thing, direct to the

operators of mines. Slight confusion has resulted in the correspondence of the respective companies, and this was caused principally by reason of appellee Emil Deister purchasing catalogues of appellant company and circulating the same in the Dominion of Canada to advertise his foreign business.

As to the assignment of error based upon the exceptions to the conclusions of law, appellant takes the position that Emil Deister, the patentee of the mining machinery made and sold by it, after selling his stock to the stockholders of appellant company and severing his relations therewith, could not without making himself amenable to the law use the word "Deister" as a part of the name of the competing company, as this was a part of the corporate name of appellant company; and especially would the law forbid him to do so without sufficient explanation that the two companies were separate corporations, in order that the public be not deceived, and, further, that it was not necessary that fraud was intended or that the public or any person was actually deceived; that, if appellant's machinery was imitated by appellees, by name, word, or symbol, so as to produce confusion in the trade and injure appellant's business, such conduct would constitute unfair competition.

On the other hand, appellees take the position that a person's name is his property, and he has the right to use it in any legitimate way that he sees fit, and that when Emil Deister disposed of his stock he did not agree that he would not again engage in the invention, manufacture, and sale of mining machinery, nor that he would not use the name "Deister" in connection therewith; that the essence of the wrong in unfair competition consists in the sale of goods of one vendor for those of another, and appellees, in placing their product upon the market, designated the same in such a manner that a purchaser could readily trace the source of its manufacture; that the character of the mining machinery under consideration is such that it is purchased through experts skilled in the business, and not at retail, which greatly diminishes, if not entirely removes, the likelihood of a purchaser being deceived.

It may be stated as a general proposition that a man's name is his own property, and he has the right to its use and enjoyment the same as any other property right, and so long as such use be

a fair and reasonable exercise of such right he cannot be held liable for incidental damages to a rival in business using the same name, but he must make an honest use of his name, and not injure the good will and reputation of a rival by palming off his goods or business as that of such rival. Nor will he be permitted to use his name fraudulently so as to appropriate the good will of an established business of his competitor. *Penberthy Injector Co. v. Lee et al.*, 120 Mich. 174, 78 N. W. 1074; *Rogers v. Rogers*, 53 Conn. 121, 1 Atl. 807, 5 Atl. 675, 55 Am. Rep. 78; 38 Cyc. 809; *Brown Chemical Co. v. Meyer*, 139 U. S. 540, 11 Sup. Ct. 625, 35 L. Ed. 247; *Howe Scale Co. v. Wycoff, Seamans & Benedict*, 198 U. S. 118, 25 Sup. Ct. 609, 49 L. Ed. 972; *International Silver Co. v. Rogers*, 72 N. J. Eq. 933, 67 Atl. 105, 129 Am. St. Rep. 722; *L. E. Waterman Co. v. Modern Pen Co.*, 235 U. S. 88, 35 Sup. Ct. 91, 59 L. Ed. 142. [Reporter, Vol. 5, p. 1].

In *Howe Scale Co. v. Wycoff, Seamans & Benedict*, *supra*, Chief Justice Fuller, speaking for the court, said:

"But it is well settled that a personal name cannot be exclusively appropriated by any one as against others having a right to use it; and, as the name 'Remington' is an ordinary family surname, it was manifestly incapable of exclusive appropriation."

And in concluding the opinion he said:

"We hold that, in the absence of contract, fraud, or estoppel, any man may use his own name in all legitimate ways and as a whole or part of a corporate name."

Without extending our view further on this branch of the case, it must be regarded as settled by the authorities that Emil Deister, not parting with the use of his name by contract or otherwise, when he disposed of his stock in appellant corporation was not precluded thereafter from the use thereof in connection with another business; that is, the mere use of the name "Deister" in the new corporation did not of itself confer any right upon appellant to injunctive relief.

This brings us to the investigation of the main question as to whether appellees' conduct in the use of the name "Deister" was such as to constitute unfair competition. It seems to be well settled that nothing less than conduct tending to pass off one man's merchandise or business as that of another will constitute unfair competition within the meaning of the term; the

essence of the wrong is the sale of the goods of one manufacturer for those of a competitor. *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, 220 U. S. 446, 31 Sup. Ct. 456 [Reporter, Vol. 1, p. 10]; *Rathbone, Sard & Co. v. Champion Steel Range Co.*, 189 Fed. 26, 110 C. C. A. 596 [Reporter, Vol. 1, p. 259]; *Howe Scale Co. v. Wycoff, Seamans & Benedict*, *supra*; *Goodyear Co. v. Goodyear Rubber Co.*, 128 U. S. 598, 9 Sup. Ct. 166, 32 L. Ed. 535; 38 Cyc. p. 784; *Computing Cheese Cutter Co. v. Dunn*, 45 Ind. App. 20, 88 N. E. 93; *Hartzler v. Goshen, etc., Ladder Co.*, 55 Ind. App. 455, 104 N. E. 34; *International Silver Co. v. Rogers*, *supra*.

In the case of *Goodyear Co. v. Goodyear Rubber Co.*, *supra*, the court uses the following language:

"The case at bar cannot be sustained as one to restrain unfair trade. Relief in such cases is granted only where the defendant, by his marks, signs, labels, or in other ways, represents to the public that the goods sold by him are those manufactured or produced by the plaintiff, thus palming off his goods for those of a different manufacturer, to the injury of the plaintiff."

And in *Howe Scale Co. v. Wycoff, Seamans & Benedict*, *supra*, it was said:

"The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if defendant so conducts its business as not to palm off its goods as those of complainant, the action fails."

Thus the inquiry naturally arises: Did appellees' conduct in disposing of the machinery manufactured by it tend to or have the effect of passing the same to purchasers as the machinery manufactured by appellant? In order that this result be accomplished, it was not necessary that appellees or either of them actually take some affirmative action in this respect, or that they or either of them so intended, as actual deception was not necessary. If the name under which appellees disposed of their machinery, together with the method of disposing of the same, was manifestly liable to deceive purchasers, the result would be accomplished. *Northwestern Knitting Co. v. Garon*, 112 Minn. 321, 128 N. W. 290; *Fuller v. Huff*, 104 Fed. 141, 43 C. C. A. 453, 51 L. R. A. 332.

The facts found by the court disclose that the machinery under consideration is of necessity purchased by those skilled in this

particular line of business, and not by the average consumer of articles of property or commodities sold at retail generally.

"The class of persons who buy the particular kind of articles manufactured, such as servants or children, upon the one hand, or persons skilled in the particular trade, upon the other, must be considered in determining the question of probable deception." 38 Cyc. 777; *W. F. & John Barnes Co. v. Vandyck-Churchill Co.* (D. C.) 207 Fed. 855 [Reporter, Vol. 3, p. 537]; *International Silver Co. v. Rogers*, *supra*.

The appellant put its machinery upon the market as manufactured by the Deister Concentrator Company, and appellees put their machinery upon the market as manufactured by the Deister Machine Company. Concluding, as we have, that Emil Deister was not compelled to abandon his own name (*Howe Scale Co. v. Wycoff, Seamans & Benedict*, *supra*), and had the right to use the same under proper restrictions, it becomes material to examine the steps taken, if any, by appellees, to differentiate their machinery from that manufactured and sold by appellant, so that prospective purchasers would have sufficient information to distinguish the machinery sold by appellees from that manufactured and sold by the old concern, and thus avoid unfair competition and confusion.

In *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169, 16 Sup. Ct. 1002, 41 L. Ed. 118, after citing with approval authorities recognizing the right one has to use his own name in business, so long as he does not resort to artifice or deception, the court held:

"Where the name is one which has previously thereto come to indicate the source of manufacture of particular devices, the use of such name by another, unaccompanied with any precaution or indication, in itself amounts to an artifice calculated to produce the deception alluded to in the foregoing adjudications."

It was held in *International Silver Co. v. Rogers*, *supra*, that in order to save complainant's rights and to avoid hardship on the defendant that the goods manufactured and sold by the defendant should be stamped "Not the original Rogers," or "Not connected with the original Rogers." In the *Waterman Fountain Pen Case* (*L. E. Waterman & Co. v. Modern Pen Co.*, *supra*) it was held that the defendant should distinguish its goods from the complainant's by employing the name "Arthur A. Waterman & Co." and follow the name with "Not connected with L. E. Waterman & Co." Here the right to use the name "Waterman" was recognized by the court under the foregoing restrictions.

In each of the cases quoted from and last referred to the names under consideration had acquired a secondary signification in connection with the product or article manufactured; yet the use of the name itself was not prohibited, but those resorting to the use were required to differentiate the same from that of the original use to which the name was put.

In *Penberthy Injector Co. v. Lee et al.*, 120 Mich. 174, 78 N. W. 1074, where the facts were similar to the facts before us, it was held that Penberthy, the patentee of the articles manufactured by the company from which he withdrew, had a right to use his name in his own business thereafter without interference, but that such right should be guarded by language sufficiently clear and explicit to notify all persons that his business was not that of his rival's. Upon this proposition the general trend of the adjudicated cases seems to be harmonious; and it will serve no useful purpose to carry the analysis or elucidation of the authorities further. The facts found by the court disclose that appellees took the necessary precaution in the disposition of the mining machinery made by appellee company to notify the trade that it was a separate concern from appellant company, especially in view of the fact that the court found that its articles of property were not disposed of to those likely to be deceived, and in view of the further finding of the court that when Emil Deister originally sold his patents to appellant company he reserved the right to the trade in foreign countries, and when he withdrew from the company and sold his stock there were no restrictions as to his right to again engage in business or against the use of the name "Deister," and after severing his connection with appellant company he continued to supply foreign trade, as he had theretofore, and after the incorporation of appellee company the advertisements generally as to its business contained the words, "Note carefully the new name," and the catalogues were of different color, and the machinery made under the new patents, which he claimed the right to sell in the United States, were readily distinguishable from the machines made under the original patents; that appellant has sustained no loss or injury on account of the similarity of the corporate names or representations and statements made as to the machines, and since the incorporation of

the appellee company it has advertised in catalogues, periodicals, and trade journals that the Deister Machine Company was a separate and distinct company from that of the Deister Concentrator Company, and not connected therewith.

The conclusions of law are correct when the law is applied to the facts specially found.

The propositions of law addressed by appellant to the error presented on the conclusions of law we are asked to consider as being applicable to the error based upon the overruling of the motion for a new trial on the ground that the decision of the court is not sustained by sufficient evidence and is contrary to law. We need not reiterate what has been said as to the right under the law of appellees using the name "Deister" as a part of its corporate name. This leaves for consideration under the assignment of error based on the overruling of the motion for a new trial appellees' conduct in placing its machinery upon the market in competition with that of its rival concern, which comes to us through a very voluminous record of some 1,400 pages of evidence.

No inflexible rule can be laid down as to what conduct will or will not constitute unfair competition. As to what degree of resemblance between the names or devices of articles made and sold, as well as the precaution taken to differentiate the one article from the other or the name, as the case may be, is not capable of exact definition. Thus from the very nature of the case it becomes a question of fact to be determined by the circumstances as they are brought before the court in each particular case. 38 Cyc. 770; *Chas. S. Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462, 39 N. E. 490, 27 L. R. A. 42, 43 Am. St. Rep. 769; *Atlas Assurance Co. v. Atlas Insurance Co.*, 138 Iowa 228, 112 N. W. 232, 114 N. W. 609, 15 L. R. A. (N. S.) 625, 128 Am. St. Rep. 189.

It would unnecessarily encumber the opinion to attempt to review and analyze the evidence. Our examination of the same, however, has been carried to the extent that we are satisfied that the evidence sufficiently supports the decision of the trial court, and the decision is not contrary to law, when the law heretofore announced is applied to the evidence.

From the evidence in the record and the facts found by the court it is disclosed that at the time the court denied appellant the

relief sought by it, appellees were using the necessary precaution to distinguish the machinery manufactured and offered for sale by it from that of appellant.

This disposes of each of the questions presented by appellant's learned counsel.

Judgment affirmed.

MUNN & CO. V. AMERICANA CO., et al.

(91 Atl. Rep., 87)

New Jersey Court of Errors and Appeals

June 15, 1914

(Syllabus by the Court)

1. TRADE-MARKS AND TRADE-NAMES—INJUNCTION—GROUNDS.

The basis of suits to enjoin the use of the complainant's name is the damage or possibility of damage to the complainant, not the damage or probability of damage to the public; fraudulent conduct on the part of the defendant is a necessary element, but fraudulent conduct without damage to the complainant does not suffice.

2. EQUITY—MAXIMS.

Since it is the complainant who is to be protected in suits to enjoin the use of his name, he must come into court with clean hands.

3. TRADE-MARKS AND TRADE-NAMES—INJUNCTION.

Where the complainant and defendant agree that an encyclopedia should be represented to the public as the work of the complainant in order to avail themselves of its reputation to attract subscribers for the book, the complainant cannot be heard to complain of conduct in which it joined and by which it profited.

4. TRADE-MARKS AND TRADE-NAMES—INJUNCTION—DEFENSE—PLEADING.

Where complainant and defendant agreed that an encyclopedia should be represented to the public as the work of the complainant in order to avail themselves of its reputation to attract subscribers for the book, and subsequently the complainant terminated the agreement and sought to enjoin the use of its name, the court denied relief because the complainant did not come into court with clean hands, although the point was not raised by the defendant in their answer.

5. EQUITY—RIGHT TO EQUITABLE RELIEF.

Where a complainant's conduct has been such that he does not come into court with clean hands, the disqualification applies only to the particular matter or transaction with which the wrongful conduct has to do, and he may have relief in other respects.

On appeal from a decision of the court of chancery granting an injunction in part. Modified and affirmed.

For the opinion of the court of chancery, see 3 T. M. Rep., 504.

Robert H. McCarter and Conover English, both of Newark,
for the appellants.

J. Franklin Fort and Franklin W. Fort, both of Newark
(*Arthur H. Masten and Sinclair Hamilton*, both of New
York City), for respondent.

WHITE J., dissenting.

SWAYZE, J.:—(1) The basis of suits of this character is the damage or possibility of damage to the complainant, not the damage or probability of damage to the public. The question sometimes discussed is whether relief may be rested on a personal basis alone, or whether damage to property rights is necessary—a question left undecided in this court in *Vanderbilt v. Mitchell*, 72 N. J. Eq. 910, 926, 67 Atl. 97, 14 L. R. A. (N. S.) 304. In an early English case the court refused an injunction to restrain the sale of a quack medicine under the name of the complainant, an eminent physician. *Clark v. Freeman*, 11 Beav. 112. And although the case is not of great authority, the criticism upon it was not due to the fact that the court refused at the suit of an individual to restrain a fraud upon the public, but to the fact that it overlooked the property right of a man in his own name. *Marxwell v. Hogg*, L. R. 2 Ch. 307. The court of chancery has held that there is such a right. *Edison v. Edison Polyform & Mfg Co.*, 73 N. J. Eq. 136, 67 Atl. 392. Although damage is the basis of the suit, the mere fact of damage or possibility of damage is not enough, since damage may result from lawful acts, such as legitimate competition. Fraudulent conduct on the part of the defendant is a necessary element. *International Silver Co. v. Rogers*, 71 N. J. Eq. 560, 563, 63 Atl. 977. But fraudulent conduct without damage to the complainant does not suffice. The case upon which the complainant relied was expressly put upon the ground of the liability of the complainant to loss. *Walter v. Ashton* (1902) 2 Ch. 282.

(2) The very discussion suffices to show that, although fraudulent conduct which may deceive the public is a necessary element, it is the private loss of the complainant that is to be prevented, not the public injury arising to others from the fraud-

ulent use of the complainant's name. This is in consonance with general principles. It is unnecessary to dwell upon the point. Its importance in the present case is due to its bearing upon the standing of the complainant to maintain its bill. If it were the public that is to be protected, the conduct of the complainant ought not to prevent relief. Since it is the complainant that is to be protected, the well-established maxim of equity is applicable; the complainant must come into court with clean hands.

(3) The facts found by the learned Vice Chancellor establish an agreement on the part of the complainant and the Americana Company to make money out of the public by representing the encyclopedia as the work of the Scientific American, and thereby availing themselves of the reputation of that journal to attract subscribers for the book. The adoption of the name Scientific American Compiling Department cannot be otherwise explained. The word "Department" in that expression can hardly convey to the ordinary mind any other meaning than Department of the Scientific American; and the language of the letter addressed by Munn & Co., to the American People under date of May, 1906, is carefully chosen to convey the same impression without saying so in express words. The encyclopedia is therein said to be issued under the direct editorship and personal supervision of the editor of the Scientific American, although his actual connection with the work was slight; he is said to be assisted by a board of eminent Department Editors; the natural impression conveyed is that they were editors of departments of the Scientific American, since nothing else is mentioned that could have departments; in fact, so far as appears, no editor of the Scientific American except Mr. Beach was connected with the encyclopedia. The book is said to be a great work "published by the Scientific American Compiling Department," with the full cooperation of Munn & Co., who add that they are certain that it will be found standard in its information and fully equal to the reputation of the Scientific American for accuracy and reliability. The gravamen of the complainant's bill is that Munn & Co. will be injured in their good business reputation by the fraud of the defendants in palming off the book upon the public as a work connected with the Scientific American. Yet that is the very scheme in which the parties.

joined for years prior to 1911. We think the complainant cannot now be heard to complain of conduct in which they formerly joined and by which they profited. It makes no difference whether the encyclopedia is valuable or not, nor whether purchasers thereof have been damaged; it is enough that they have been or may have been beguiled of their money because the complainant's representations and the representations of the defendant, to which the complainant assented, persuaded them that they were buying a work which was made better by the cooperation of the Scientific American. We think that the complainant, when it tires of its bargain and seeks to enjoin the defendant from further profiting by the supposed connection, does not come into court with clean hands. Fraudulent conduct which the law would enjoin but for the agreement of the parties to exploit the public is as inimical to public policy as gambling in cotton, which is condemned by statute, and the rule applied in *Minzesheimer v. Doolittle*, 60 N. J. Eq., 394, 45 Atl. 611, is applicable to the present case. The principle applied in the law courts in *Hope v. Linden Park Ass'n*, 58 N. J. Law, 627, 34 Atl. 1070, 55 Am. St. Rep. 614, and *Wyckoff v. Weaver*, 66 N. J. Law, 648, 52 Atl. 356, is in effect the same.

(4) The failure of the defendants to question in their answer the standing of the complainants is not material. This very point was made and overruled by this court in *Minzesheimer v. Doolittle*, 60 N. J. Eq. 394, 397, 45 Atl. 611. As we there said, the court will not for any delinquency of the defendant, lend its assistance to a violation of law; and so it will not assist one who has joined in an effort to deceive the public to prevent his associate from continuing to do the very thing to which he has previously assented.

(5) We think therefore that the decree must be reversed; but it does not follow that the complainant is not entitled to some of the relief granted. The disqualification applies only to the particular matter or transaction with which the wrongful conduct had to do. *Woodward v. Woodward*, 41 N. J. Eq. 224, 4 Atl. 424. In this case the complainant's wrongful conduct had to do with the exploiting of the encyclopedia under the name of Scientific American Compiling Department. The complainant is not shown to

have assented to the use of the name Scientific American for any other purpose. So far as the decree enjoins the Scientific American Compiling Department from using its corporate name, it must be reversed; so far as it enjoins the use of the name Scientific American in other ways, it must be affirmed. The defendants are entitled to costs in this suit.

THE ROYAL TAILORS V. J. M. ROBINSON, NORTON & COMPANY
(227 O. G., 1446)

Court of Appeals of the District of Columbia

April 3, 1916

CONFLICTING MARKS—REPRESENTATIONS OF A TIGER.

Prior use of the representation of a tiger's head and of two tigers pulling in opposite directions at a pair of trousers, anticipate the use upon goods of the same class of the full length representation of a tiger reclining upon a pedestal.

For the decision of the Commissioner of Patents, see Reporter, Vol. 5, p. 464.

Mr. Howell Bartle and *Mr. D. B. Cheever* for the appellant.

Mr. E. T. Fenwick for the appellee.

SHEPARD, C J.:—This is an opposition by J. M. Robinson, Norton & Company to the registration by The Royal Tailors of a mark consisting of a full-length representation of a tiger reclining upon a pedestal, the pedestal having thereon the words "The Royal Tailors, Chicago-New York."

The application was filed December 1, 1913, and contains the following disclaimer:

No claim is made to the words "The," "Royal," "Tailors," "Chicago-New York," apart from the mark shown in the drawing.

It is alleged that the mark was used on men's coats, vests and trousers since November 19, 1913.

The opposition alleged that the J. M. Robinson, Norton & Company, a corporation, has been for many years, and prior to the year 1892 was engaged in the business of selling clothing in the city of Louisville, State of Kentucky; that in its business J. M. Robinson, Norton & Company have adopted the words "Tiger Brand" and the representation of a tiger's head for use upon clothing, and

more particularly coats, overcoats, duck coats, and overalls and shirts, and the said Tiger Brand has been used continuously since the year 1891, and has been continuously used for all of said goods since said date in interstate commerce by opponent.

It appears that the J. M. Robinson, Norton & Company registered July 16, 1907, a trade-mark consisting of a circle showing a tiger's head therein with the words "Tiger Brand," for use on coats, overcoats, duck coats, vests, trousers and overalls. December 8, 1903, J. M. Robinson, Norton & Company registered another trade-mark consisting of a tiger's head and the printed word "Tiger" above thereof.

The goods specified in the application are not limited to ready-made or made-to-order clothing, and, as stated by the Examiner of Interferences, are identical with the goods upon which the opposer has established the use of its mark.

The proof shows that the opposer, while mainly engaged in selling ready-made clothing, occasionally makes clothing to order from special measurements. It appears that beginning in 1891 the opposer used as a mark on its goods the word "Tiger," and a full-length representation of two tigers pulling in opposite directions at a pair of trousers.

The use of this mark has been discontinued for a number of years for a mark which was registered as afore described. The opposer advertises its goods in printed catalogues, and calendars, and pictures for hanging in stores, in which it uses the full-length representation of a tiger. The slogan, as expressed by its witnesses, used by the opposer is "The Tiger Brand."

Both parties have testified they did not know of the use by the other of their respective marks until a short time before the institution of this opposition.

The Examiner of Interferences held that the mark of the applicant sufficiently resembled that of the opposer to produce probable confusion in trade. On appeal the Commissioner affirmed the decision of the Examiner of Interferences.

The evidence on behalf of the applicant shows that subsequently to the adoption and use of the trade-mark by the J. M. Robinson, Norton & Company the applicant adopted as a trade-mark used upon its goods a figure showing the head and part

of the body of a tiger emerging from a hole in the ground, surrounded with certain words. It next used a tiger's head in a circle surrounded by the words "The Royal Tailors, Chicago-New York." The open mouth of the tiger carries an inscription which reads "Pay less and dress better." Its next three labels were of a similar character. It next used a tiger's head with the inscription underneath reading "The Royal Tailors, Chicago-New York." Its last representation, adopted and used in 1913, consists of the mark offered for registration, namely, the full-length recumbent figure of a tiger on a pedestal, and on the pedestal the words "The Royal Tailors, Chicago-New York."

There is some evidence of confusion in trade resulting from the use of these marks, but we agree with the Commissioner that there is sufficient similarity to cause confusion in the minds of the purchasing public.

As the opinion of the Examiner of Interferences, and the Commissioner, contained a full discussion of the matters in controversy, we content ourselves with citing in support of this conclusion the following cases: *in re John Braadland*, (37 App. D. C., 602;) [Reporter, Vol. 2, p. 88], *Carmel Wine Co. v. California Winery* (38 App. D. C., 1). [Reporter, Vol. 2, p. 33].

The decision is affirmed.

REPETTI V. ADAMS-FLANIGAN COMPANY

(New York Law Journal, June 30, 1916)

New York Supreme Court, Bronx County

UNFAIR COMPETITION—MISUSE OF PROPER NAME.

A dealer in chocolates enjoined from selling the product of Louis Repetti, Inc., in boxes bearing the words "Read the Story of Louis Repetti."

In Equity. On motion for preliminary injunction. Granted.

Harry D. Nims, of New York City, for plaintiff.

Davies, Auerbach & Cornell, of New York City, for defendant.

TIERNEY, J.:—Mr. Justice Goff, in an action against Louis Repetti, Inc., et al., rendered a judgment restraining the defendants from selling candies in various ways defined by him which were calculated to produce the impression that they were the

original Repetti chocolates (6 T. M. Rep. 94). The defendant in this action was not a party to the action before Mr. Justice Goff, but is the selling agent for the product of Louis Repetti, Inc. Boxes of chocolates are being offered for sale by the defendant under the title of Quid Nunc Chocolates and, in addition to this title, there is printed on the cover of the box the words, "Read the Story of Louis Repetti." It seems to me that these words have no function in describing the contents of the box, and are obviously intended to associate the name of Repetti with the article. Such an attempt cannot be made in good faith, and the right of an individual to the use of his name in any proper connection cannot be extended to such a misuse. I am of the opinion that the plaintiff is entitled to a temporary injunction restraining the defendant from offering for sale any candies in packages, upon the cover of which shall be displayed the words "Read the Story of Louis Repetti," or any similar device. The order may be settled on notice and the amount of the undertaking to be given by the plaintiff will be determined on the settlement of the order.

SEARS, ROEBUCK & CO. V. ELLIOTT VARNISH CO.
(232 Fed. Rep., 588)

United States Circuit Court of Appeals

Seventh Circuit, January 4, 1916

1. **TRADE-MARK—DESCRIPTIVE TERM.**

The name "Roof Leak," as applied to a roof paint, is descriptive, identifying its qualities and characteristics.

2. **INFRINGEMENT—CONFLICTING MARKS.**

The trade-mark "Roof Leak," if valid, would not be infringed by the use of the words "Never Leak" for a like article.

3. **UNFAIR COMPETITION—ESTOPPEL OF PLAINTIFF.**

Plaintiff made and sold a roof paint under the name "Roof Leak." It made and sold to the defendant a roof paint which, by consent, was called "Never Leak" and bore the name of a fictitious manufacturer, in order to conceal from the public the fact that it was of plaintiff's make. The defendant, having later procured the product from another manufacturer and sold it under the name "Never Leak," is not chargeable with unfair competition against the plaintiff. Plaintiff cannot complain of a method of doing business which was adopted at its instance and for the purpose of concealing the origin of the goods to which it related.

Appeal from a decree of the United States District Court for the Northern District of Illinois in favor of plaintiff. Reversed.

For the opinion of the court below see Reporter, Vol. 5, p. 806.

Luther L. Miller and C. C. Linthicum, both of Chicago, Ill.,
for appellant.

Walter H. Chamberlin and H. S. Wegg, both of Chicago, Ill.,
for appellee.

Before KOHLSAAT and ALSCHULER, Circuit Judges, and ANDERSON, District Judge.

ANDERSON, District Judge: For several years prior to 1909 appellee was engaged in the manufacture of paints. As early as 1902 or 1908 it manufactured and sold a roof paint which was adapted to stop leaks in roofs. About that time the name "Roof Leak" was used on labels on the paint and it was extensively advertised by that name. In 1905 appellee registered the words "Roof Leak" as its trade-mark and continued to sell to the trade its roof paint under that name.

The appellant is a mail order house. It sells goods by catalogue and delivers them by mail, express, or freight. It must sell

at a lower price than the retail dealer in the trade, because its customers pay, in addition to the purchase price, the carriage charges.

The appellee desired to have the appellant sell its roof paint, but would not allow appellant to sell it under the name "Roof Leak," because its other customers would know that it was selling its paint to appellant for a less price than it was giving them; so in order to get the benefit of sales through appellant, and at the same time conceal the fact from its other customers, it was agreed that the appellant should sell appellee's paint under the name "Never Leak." It is averred in the bill:

"That on or about the month of March, 1909, your orator made a verbal contract with the defendant * * * to furnish to the defendant its 'Roof Leak' paint under the brand 'Never Leak,' a brand selected by your orator in simulation of your orator's brand 'Roof Leak,' but sufficiently different therefrom to indicate the goods of your orator that were sold through the defendant."

The evidence shows that, under the arrangement made between the parties, appellant sold appellee's goods under the name "Never Leak." In its catalogues it described the paint as "Never Leak Roof Cement Paint." The labels used by appellant are set out in the record. One of them bore the name of the Illinois Paint Company; the other bore appellant's name. The reason for this course of procedure appears in the evidence of James P. Elliott, the president and manager of the appellee. He testified:

"Complainant's purpose in refusing to permit Sears, Roebuck & Co. to handle 'Roof Leak' paint under complainant's mark was due to a desire to prevent complainant's customers from knowing that Sears, Roebuck & Co. were handling the same thing."

Pursuant to this arrangement, the appellant sold appellee's goods for about a year when the appellant ceased to purchase paint from appellee, purchased it elsewhere, and continued to sell it under the name "Never Leak," and with the same advertisements and catalogue insertions that it used in selling appellee's paint. Appellee brought this suit to restrain the appellant from so doing upon two grounds: First. Infringement of appellee's trade-mark. Second. Unfair competition, by continuing, after it ceased to buy appellee's goods, to use and apply to goods not appellee's the words "Never Leak" and labels that simulated appellee's labels, thereby deceiving the public. The District Court found in favor of appellee on both these propositions, and from

the decree of court entered accordingly, the appeal herein is prosecuted:

There is some contradiction in the testimony as to who suggested the name "Never Leak," but this is not important. Is "Roof Leak" a valid trade-mark? As applied to a paint, it of course means a paint which will stop leaks in a roof.

"It is the settled rule that no one can appropriate as a trade-mark a generic name, or one descriptive of an article of trade, its qualities, ingredients, or characteristics, or any sign, word, or symbol which, from the nature of the fact it is used to signify, others may employ with equal truth." *Trinidad Asphalt Manufacturing Company v. Standard Paint Company*, 163 Fed. 977, 90 C. C. A. 195, affirmed by the Supreme Court in *Standard Paint Company v. Trinidad Asphalt Manufacturing Company*, 230 U. S. 446, 31 Sup. Ct. 456 [Reporter, vol. 1, p. 10].

Under the authorities, it would appear that this name is descriptive of the paint. It signifies its qualities and characteristics, and from the nature of the fact it is used to signify, namely, paint that will stop leaks in a roof, others may employ it with equal truth. The term may be truthfully applied to any paint calculated to stop leaks in a roof.

But, passing the question as to the validity of the trade-mark, it is quite obvious, under the decision of this court in the case of *S. R. Feil Company v. John E. Robbins Company*, 220 Fed. 650, 186 C. C. A. 258 [Reporter, vol. 5, p. 163] (the Sal Vet-Sal Tone case) that the words "Never Leak" are not an infringement of "Roof Leak." The court there said:

"In the present case defendant has appropriated only the term 'Sal,' which he and every one else was at liberty to use. As between the arbitrary term 'Vet' and the word 'Tone' there can be no reasonable claim to resemblance."

So here the appellant has appropriated only the term "Leak," which it and every one else was at liberty to use and no one can claim that there is a resemblance between the words "Roof" and "Never."

Nor is the appellee in any better position as to the charge of unfair competition. The essence of unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another. The mere resemblance of the words used by the appellant to the trade-mark of the appellee is not sufficient to establish unfair competition, because this would be to give, as stated by the Supreme Court in the *Standard Paint Company v. Trinidad Asphalt*

Company, supra, "the full effect of a trade-mark while denying its validity as such."

The appellee's case, then, stands upon the proposition that the appellant is selling its own goods as the goods of appellee. From the facts above stated it is apparent that, while the appellant was selling appellee's paint, it sold it, not as the paint of the appellee, not as "Roof Leak," manufactured by the Elliott Varnish Company, but as "Never Leak," manufactured by the Illinois Paint Works; and the evidence shows that it was thus sold by appellant under an arrangement with the appellee in order to conceal from the other customers of appellee the fact that such paint was the paint of the appellee. If the paint was to be sold and was sold by the appellant under a name that would conceal from the other customers of the appellee the fact that the paint was the paint of the appellee, it is difficult to see how the sale of other paint under this name would deceive the public into believing that it was buying the paint of the appellee.

Appellee now complains of a method of doing business by which appellee says appellant is selling its own goods as the goods of appellee, and yet this method is just as was agreed upon between appellee and appellant to conceal from appellee's other customers the fact that the appellant was selling appellee's goods. A method of doing business agreed upon for the purpose of making the trade believe that appellant was not selling the goods of appellee (and which, so far as this feature is concerned, seems to have been successful) can hardly be relied upon to establish that appellant is deceiving the public into believing that it is selling appellee's goods. Appellee's case lacks the very essence of unfair competition.

It is contended by the appellee that the appellant got the right to use the words "Never Leak" from the appellee and that this right to use was only to continue while the appellant sold the paint of the appellee. The evidence does not support this contention.

Much insistence is placed upon the resemblance of the labels and particularly of the language of the directions for the use of the paint. The labels are not so similar as to deceive the ordinary purchaser, and the directions for using the paint are necessarily

similar. Appellant has the right to sell paint with the same ingredients as that of appellee; it is used for the same purpose; and no reason is perceived why it may not employ the same language in directions for its use.

The decree is reversed, and the cause remanded, with directions to dismiss the bill.

COCA-COLA COMPANY V. KOKE COMPANY OF AMERICA, *et al.*

United States District Court, District of Arizona

July 15, 1916

1. **TRADE-MARK—DESCRIPTIVE TERM.**

The name Coca-Cola is not descriptive, and is a valid trade-mark.

2. **UNFAIR COMPETITION—SECONDARY MEANING—PREPARATION.**

Where the plaintiff's beverage, Coca-Cola, has come to be known under the nicknames "Koke" and "Dope," the use of these names in the sale of a rival preparation is unfair competition.

In Equity. On final hearing. Decree for complainant.

Harold Hirsch, of Atlanta, Georgia, *Edward S. Rogers*, of Chicago, Illinois, and *Joseph E. Morrison*, of Phoenix, Arizona, Solicitors for complainant.

Frank F. Reed, *Candler*, *Thompson & Hirsch*, of counsel.

Richard E. Sloan, of Phoenix, Arizona, *James W. Westervelt*, of Phoenix, Arizona, and *Augustine B. Littleton*, of Chattanooga, Tennessee; *Littleton, Littleton & Littleton*, of Chattanooga, Tennessee, for defendants.

SAWTELLE, District Judge: The bill in this case seeks relief by injunction, both preliminary and perpetual, against the defendants because of their joint and several infringement of the plaintiff's trade-mark—"Coca-Cola"—and for unfair competition on their part. It also makes an accounting of the profits received by defendants, and the assessment of damages sustained by plaintiff.

The material allegations of the bill, so far as they are necessary to be set forth for the determination of the issues made, are as follows:

The first section of the bill recites the initial manufacture of

the syrup known as "Coca-Cola" by J. S. Pemberton in the year 1886, and traces the title through its various transfers into the plaintiff company on February 22, 1892.

It is alleged that the process and formula for the manufacture of the beverage and syrup styled "Coca-Cola" was new and original and was invented and discovered by plaintiff and its predecessors as a trade and business formula, process and secret, and is now a secret formula and process and not known to the public or others than the plaintiff and its officers and employees and the predecessors of plaintiff.

The second section of the bill charges the continued manufacture of syrup made under the Pemberton formula; alleges that the trade-mark "Coca-Cola" was, at the time of its adoption by the predecessors of plaintiff, characteristic and distinctive and had never before been used by any one and has continuously been used for the purpose of distinguishing the product of plaintiff and its predecessors from the similar products of others; and that said trade-mark does now identify and distinguish plaintiff's product. It is further charged that plaintiff's product has been given by the purchasers and consumers thereof, certain nicknames, to-wit:

"Koke" and "Dope," and that each of these words are now and for many years past and prior to the application of either of them to any other beverage recognized and commonly and familiarly used as nicknames for Coca-Cola, and that a request for either is understood, both by the seller and the purchaser, to be a specific and definite request for Coca-Cola and has been so understood and regarded, and acted on both by the seller and purchaser, for many years prior to the manufacture or sale of any other preparation under either of said names; and that at the present time both dispensers and consumers use these words as descriptive of the product of plaintiff, and for no other beverage.

The third section of the bill alleges the application to the patent office for the registration of the words "Coca-Cola" as a trade-mark on May 14, 1892, and the allowance of said application on January 31, 1893, and the issuance of a certificate of registration on that day, which is alleged to be in full force and wholly unrevoked and uncanceled. It is also alleged that on April 23,

1905, under and by virtue of the Act of Congress of February 20, 1905, the plaintiff duly applied to the Patent Office of the United States for the registration of the said trade-mark "Coca-Cola," and complied in all respects with said Act and the Regulations of the Commissioner of Patents, and thereupon the registration of said trade-mark "Coca-Cola" was duly allowed for tonic beverages and syrups for the manufacture of such beverages and a certificate of registration, No. 47,189, was duly granted to the plaintiff on October 31, 1905, and is still in full force and effect, and that plaintiff is entitled to the sole and exclusive right, both generally and in interstate commerce, to use and employ said trade-mark on its goods.

The fourth section of the bill alleges the sale of both the syrup and of an aerated beverage, permitted to be manufactured from the syrup by certain licensees of plaintiff, under the trade-name, in distinctive receptacles, bottles and barrels and labels, all of which were adopted by plaintiff for the purpose of distinguishing the product of plaintiff from that of other manufacturers in the same lines.

The fifth paragraph sets up that the plaintiff has expended much time, labor and money in advertising its product. It is alleged that the Koke Company of America was organized under the laws of the State of Arizona about September 15, 1911, and thereafter proceeded in the City of St. Louis to manufacture an unnecessary and deliberate imitation of plaintiff's Coca-Cola syrup, but different therefrom and greatly inferior thereto, and placed the same in barrels and packages similar to those of the plaintiff. That said extract is designated by the defendants sometimes as "Koke" and sometimes as "Dope"; that the Koke Company of America ships said imitative extract from the City of St. Louis, usually under the name of "Koke," to the other defendants, and that said extract is used by said defendants as a basis for making a syrup for sale to soda fountains and bottles which resemble the articles produced by plaintiff, and the defendants, as a matter of fact, do sell, substitute, and palm off the said syrup and extract as and for the Coca-Cola products of plaintiff. It is alleged that the said imitation product is, with the consent of defendants, sold to the public in substitution for genuine Coca-Cola. It is further

charged that the defendants adopted the words "Koke" and "Dope" as a name for their product many years after the words were commonly used to describe the plaintiff's product, and that said adoption was a means to enable them to substitute their product for that of the plaintiff and to reap the benefit of its advertising and labor in dispensing and selling said product. It is also alleged that the defendants stated, both to bottlers and dispensers, that the syrup they made was produced under the same formula as Coca-Cola, and instructed both dispensers and bottlers to substitute their product when the purchaser desired and intended to obtain Coca-Cola.

It is further alleged that the registration in the patent office of the words "Koke" and "Dope" claimed by defendants was in fraud of the rights of plaintiff, and that the defendants threaten to sue dealers and dispensers who deliver Coca-Cola when "Koke" and "Dope" are called for and when both the dispenser and purchaser design to sell and receive Coca-Cola.

The answer denies all the material allegations of the bill, and after setting up the manner of acquiring title to the trade-names "Koke" and "Dope," denies that, at the time they were adopted by their predecessors, they were generally used as a synonym or nickname of plaintiff's product.

The answer then alleges that the plaintiff has been and is now engaged in establishing a monopoly, and that the business of defendants and their patrons is being subjected to a system of espionage by plaintiff and its officers and agents, and agents are using the information thus acquired to impede and harass the customers of defendants, representing that the business of defendants is fraudulent and dishonest and its product inferior imitations of Coca-Cola, and threatening prosecutions if defendants' products are dealt in by its customers.

The answer then alleges that by reason of these representations and threats many of its customers have ceased to deal in its products to its damage. It is also contended in the answer that the name "Coca-Cola" was deceptive as a trade-mark and for that reason was fraudulent, and was but a descriptive name for a product which the plaintiff does not now produce.

Numerous authorities have been cited by both sides, with variant facts, but as each case must be determined on all facts that

surround it, the facts in any prior case cannot be a guide to the decision of the subsequent. This view is cogently pointed out on page three of lectures of John Cutler, of King's College, entitled "Passing Off."

The fundamental principle of the law applicable to this class of cases is well established. It may be thus stated: "no man has a right to pass off his goods as though they were the goods of another."

"The essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another."—*Canal Company v. Clark*, 13 Wall, 311.

The difficulties which arise are in the application of this principle to the facts of the particular case, and the question which the court has to decide is always a question of fact. The decision of the court depends upon all the circumstances affecting the plaintiff and his trade and the circumstances affecting the defendant and his trade, and both alike must be considered in arriving at a conclusion. I quote from a few of the leading cases both English and American.

In the case of *Burgess v. Burgess*, 8 Deg. M. & G. 896, Lord Chief Justice Turner said:

"No man can have any right to represent his goods as the goods of another person, but in an application of this kind it must be made out that the defendant is selling his own goods as the goods of another."

In the case of *Reddaway v. Banham*, A. C. 199; 18 R. P. C. 224, the Lord Chancellor said:

"My lords, I believe that this case turns upon a question of fact. The question of law is so constantly mixed up with the various questions of fact which arise on an inquiry of the character in which your Lordships have been engaged, that it is sometimes difficult when examining former decisions to disentangle what is decided as fact, and what is laid down as a principle of law. For myself, I believe the principle of law may be very plainly stated, and that is that nobody has any right to represent his goods as the goods of somebody else.

"How far the use of particular words, signs, or pictures does or does not come up to the proposition which I have enunciated in each particular case, must always be a question of evidence, and the more simple the phraseology, the more like it is to a mere description of the article sold, the greater because the difficulty of proof, but if the proof establishes the fact the legal consequence appears to follow."

In a later case in the House of Lords, referring to *Burgess v. Burgess*, the Lord Chancellor made this statement:

"The proposition of law is one which, I think, has been accepted by the highest judicial authority, and acted upon for a great number of years. It is that of Lord Justice Turner, who says, in terms: 'No man can have any

right to represent his goods as the goods of another person. In an application of this kind, it must be made out that the defendant is selling his own goods as the goods of another.' That is the only question of law which, as it appears to me can arise in these cases. All the rest are questions of fact. The most obvious way in which a man would be infringing the rule laid down by Lord Justice Turner is if he were to say in terms, 'There are the goods manufactured by' a rival tradesman; and it seems to be assumed that unless he says something equivalent to that no action will lie. It appears to me that that is an entire delusion. By the course of trade, by the existence and technology of trade, and by the mode in which things are sold, a man may utter the same proposition, but in different words and without using the name of the rival tradesman at all. A familiar example, of course, is when, without using any name, by the identity of the form of the bottle or the form of the label, or the nature of the thing sold in the package, he is making the statement not in express words, but in one of those different forms in which the statement can be made by something that he knows will be so understood by the public. In each case it comes to be a question of whether or not there is the statement made; and if the statement is made, there can be no doubt of the legal conclusion that he must be restrained from representing that the goods that he makes are the goods of the rival tradesman. Then you get back to the proposition which I have read from Lord Justice Turner."—*Powell v. Birmingham Vinegar Co.*, A. C. 710; 14 R. P. C. 727.

"In all cases where rights to the exclusive right of a trade-mark are invaded, it is invariably held that the essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another; and that it is only when this false representation is directly or indirectly made that the party who appeals to a court of equity can have relief. This is the doctrine of all the authorities."—*Canal Co. v. Clark*, 13 Wall, 311, 322.

"Equity gives relief in such a case, upon the grounds that one man is not allowed to offer his goods for sale, representing them to be the manufacture of another trader in the same commodity. Suppose the latter has obtained celebrity in his manufacture, he is entitled to all the advantages of that celebrity, whether resulting from the greater demand for his goods or from the higher price the public are willing to give for the article, rather than for the goods of the other manufacturer, whose reputation is not so high as a manufacturer. Where, therefore, a party has been in the habit of stamping his goods with a particular mark or brand, so that the purchasers of his goods having that mark or brand know them to be of his manufacture, no other manufacturer has a right to adopt the same stamp; because, by doing so, he would be substantially representing the goods to the manufacture of the person who first adopted the stamp, and so would or might be depriving him of the profit he might make by the sale of the goods which the purchaser intended to buy. *Seizo v. Provezende*, Law Rep. 1, Ch. 195."—*McLean v. Fleming*, 96 U. S. 245, 251.

"The first appropriator of a name or device pointing to his ownership or which, by being associated with articles of trade, has acquired an understood reference to the originator, or manufacturer of the articles, is injured whenever another adopts the same name or device for similar articles, because such adoption is in effect representing falsely that the productions of the latter are those of the former. Thus the custom and advantages to which the enterprise and skill of the first appropriator had given him a just right are abstracted for another's use, and this is done by deceiving the public, by inducing the public to purchase the goods and manufactures of one person supposing them to be those of another. The trade-mark must therefore be distinctive in its original signification, pointing to the origin of the articles, or it must have become such by association."—*Lawrence Mfg. Co. v. Tenn. Mfg. Co.*, 138 U. S. 537, 546.

"Everyone has the right to use his own name, but he may not lawfully

apply it to the purpose of filching his property from another of the same name. The use of a geographical or descriptive term confers no better right to perpetrate a fraud than the use of any other expression. The principle of law is general, and without exception. It is that no one may so exercise his own rights as to inflict unnecessary injury upon his neighbor. It is that no one may lawfully palm off the goods of one manufacturer or dealer as those of another to the latter's injury. It prohibits the perpetration of such a fraud by the use of descriptive or geographical terms which are not susceptible to monopolization as trade-marks as effectually as it prohibits its commission by the use of any other expressions."—*Shaver v. Heller & Merz Co.*, 108 Fed. 821, 827.

"No person other than the owner of a trade-mark has a right, without the consent of such owner, to use the same on like articles, because by so doing he would in substance falsely represent to the public that his goods were of the manufacture or selection of the owner of the trade-mark, and thereby would or might deprive the latter of the profit he otherwise might make by the sale of the goods which the purchaser intended to buy. Where a trade-mark is infringed the essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another, and it is on this ground that a court of equity protects trade-marks. It is not necessary that a trade-mark should on its face show the origin, manufacture or ownership of the articles to which it is applied. It is sufficient that by association with such articles in trade, it has acquired with the public an understood reference to such origin, &c. This doctrine has repeatedly been declared by the Supreme Court, *Canal Co. v. Clark*, 13 Wall, 311, 323; *Manufacturing Co. v. Trainer*, 101 U. S. 51, 54; *Medicine Co. v. Wood*, 108 U. S. 216, 223, 2 Sup. Ct. 436; *Menendez v. Holt*, 128 U. S. 514, 9 Sup. Ct. 143; *Goodyear's India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U. S. 598, 603, 9 Sup. Ct. 166; *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U. S. 537, 546, 11 Sup. Ct. 396; *Mill Co. v. Alcorn*, 150 U. S. 460, 462, 14 Sup. Ct. 151."—*Dennison v. Thomas*, 94 Fed. 651, 656.

I think it has been established by the evidence in this case that the plaintiff is the owner of and alone entitled to use the trade-mark "Coca-Cola" and that its goods alone can lawfully be sold under that name.

It is insisted by the defendants that the words "Coca-Cola" are a mere description of a product, and that it does not describe the product of plaintiff, and consequently does not constitute a valid trade-mark. This contention was considered in the case of *Coca-Cola Company v. Nashville Syrup Co.*, 215 Fed. 527 [Reporter, vol. 4, p. 328], and was there decided adversely to such contention. I think that decision is decisive of the question.

The question of the validity of the trade-mark "Coca-Cola" and the right of plaintiff to its exclusive use since its registration under the Act of Congress of February 20, 1905, would seem to be placed beyond the pale of contention by the case of *Coca-Cola Company v. Deacon Brown Bottling Company*, 200 Fed. 105 [Reporter, vol. 3, p. 88].

I find as a matter of fact from the evidence that the defendant,

Koke Company of America, was organized for the purpose of manufacturing and selling a syrup in imitation of that produced by the plaintiff, and that it aided the persons, to whom it sold its product, in the substitution of its product for that of plaintiff; that the name selected was chosen for the purpose of reaping the benefit of the advertising done by the plaintiff, and that the defendant, Koke Company of America and its predecessors, did not adopt or make use of the name "Koke" until the year 1909, and the use of said name by said defendant and its predecessors was not sufficient to create any right to its use as against the plaintiff. *Parker v. Stebler*, 177 Fed. 210, 9th Circuit; *The Barbed Wire Patent*, 148 U. S. 275; *Deering v. Winona Harvester Works*, 155 U. S. 286.

I am convinced that when the witness Mayfield adopted the name "Koke," he did so with the deliberate purpose of representing his goods to be the product and manufacture of the Coca-Cola Company. I further find that the purchase of the trade-mark "Koke" from the Murphreesboro Bottling Works and from Bitting was made with a knowledge that same was being used to imitate plaintiff's product and they were acquired, not because they distinguished the product sold under such name, but because it would permit defendants to better dispose of their product as and for Coca-Cola, especially in view of the fact that the label of plaintiff was copied and imitated and the barrels in which its products were shipped were colored as nearly like those of plaintiff as possible.

It may be that these resemblances standing alone would not in themselves justify any relief against a person using them in good faith, but when considered in the light of all the evidence in this case, I cannot reconcile them with fairness. The opinion of the Circuit Court of Appeals of the Sixth Circuit in *Coca-Cola Company v. Gay Ola Company* in 200 Fed. on page 728 [Reporter, vol. 3, p. 5] contains a forcible comment on the state of facts here shown to exist.

"It is first to be observed that defendant is at the best on a narrow ground of legality. The name which it has adopted does not negative an intent to confuse. The product is identical, both in appearance and taste; and the form of script used in printing the trade-mark names is the same. Even if the use of each of these items of similarity was lawful, when accompanied by good faith and no intent to deceive, they put the product near that dividing line where good or bad faith is the criterion, and their presence puts upon the user a burden of care to see that deception does not

naturally result. Conversely when we find, as a fact, from the other conduct of the defendant, that the underlying intent is to perpetrate a fraud upon the consumer, this intent must color the accompanying acts, and some which otherwise might be innocent become guilty. So here. The red color used by the complainant on its barrels and kegs is not a color which it discovered, or to which it had any abstract monopoly, but this color has long been used by complainant in a way that was exclusive in this trade. No other manufacturer of analogous or competing drinks uses that color of package, and its adoption by defendant is one of the constituent parts of defendant's scheme of fraud. So, too, with defendant's failure to mark its package with anything to indicate the place of manufacture. Ordinarily a man may mark his goods, or not, as he pleases; but when he has his marks and labels, which he uses on occasions, and can have no motive for sending out unmarked packages except to aid in a fraudulent substitution, the act, otherwise permissible, becomes forbidden."

The witness Wright of the Southern Koke Company justified the use of the name "Koke," for he says that the name "Koke" was adopted to take advantage of the demand for soft drinks in that name, and I conclude from the evidence in this case that the word "Dope" was adopted for the same purpose. I also find that the defendant's salesmen were instructed to sell and did sell both products as and for Coca-Cola. I find that both words were an abbreviation of the words "Coca-Cola" and are used by the public and by purchasers in designating the plaintiff's product, Coca-Cola.

A decree is ordered for complainant. Counsel will prepare and tender a decree in accordance with this opinion.

[For proceedings in the Patent Office in opposition to the registration of the trade-mark "Koke," see *Coca-Cola Co. v. Koke Company of America*, Reporter, vol. 5, p. 109.]

RUBBER & CELLULOID HARNESS TRIMMING COMPANY V. F. W.

DEVOE & C. T. RAYNOLDS COMPANY

United States District Court, District of New Jersey

June 8, 1916

1. TRADE-MARK—DESCRIPTIVE TERM.

The word "Rubber-set," used by the plaintiffs since 1905 upon brushes, the bristles of which were set in rubber, is not a valid, technical trade-mark, because merely descriptive of the process or method of manufacture of the goods.

2. DESCRIPTIVE TERM—SECONDARY MEANING.

A descriptive term, by long association with the goods of one manufacturer, may acquire a secondary meaning, as indicating origin. The word "Rubber-set" has come to have such a significance and indicates in the market, as applied to brushes, goods manufactured by the plaintiff.

3. UNFAIR COMPETITION—DESCRIPTIVE TERM.

When the term "Rubberset" has acquired a secondary meaning as goods of a particular manufacture, a rival manufacturer will be enjoined from using the words "Set in Rubber" in such a way as is likely to deceive the public as to the origin of the goods. This extends to the marking of the brushes upon the ferrule, as the plaintiff has done, or elsewhere than upon the handle, where the words must be accompanied with the full name of the manufacturer, and when used in display matter or upon the labels, the words must be accompanied with the statement that the brushes are not manufactured by the Rubberset Company.

In Equity. On final hearing. Decree for plaintiff.

Pitney, Hardin & Skinner, and *Charles C. Gill* (of the New York Bar), for plaintiff.

Chauncey G. Parker, for defendant.

HAIGHT, District Judge: This suit was originally brought in the Court of Chancery of New Jersey and was removed to this Court because of the diversity of the citizenship of the parties. It is based on alleged unfair competition. Both parties are, and have been for many years, engaged in the manufacture and sale of brushes; the plaintiff in brushes generally, and the defendant in paint brushes. The unfair competition is claimed to exist in the way in which the defendant designates, marks and advertises certain kinds of its brushes. Prior to 1887 brushes had been made by setting or holding the bristles in cement, glue, pitch or rosin, and binding them to the handle by means of a metal ferrule. In that year there was issued to the plaintiff, as assignor of one James A. Read, a patent for a new process of making brushes, that of holding or setting the bristles in rubber and binding the same to the handle by a belt of rubber, or rubber and metal combined; and, in 1889, another patent was issued to it for the product of the process of the previous patent. Thereafter the plaintiff began the manufacture of brushes according to the patented process, and has ever since continued to do so. For a number of years it designated and advertised the brushes so made as "HARD RUBBER SET AND BOUND" and "HARD RUBBER SET"; and in 1906 it procured the registration of each of those phrases as trade-marks, alleging that the former had been continuously used by it since March 1, 1890, and the latter since January 1, 1895. It had long been the custom in the trade to describe brushes according to the manner in which their bristles were set, as "cement set," "glue set," "set in cement," etc., for the purpose of distinguishing them and the uses to which

they could be put. Some could be used in solvents; others could not. Prior to 1905 the plaintiff had done very little, if any, advertising of its products, except in the ordinary way, through the medium of trade journals. In the spring of that year, and sometime after the patents had expired (they having expired before the usual seventeen years' limitation, because patents for the same product and process had been granted to Read in Great Britain and France in 1885. See Sect. 4887 of Rev. Stat. before amendment of Mar. 3, 1897, 29 Stat. L. 698), the plaintiff inaugurated an extensive advertising campaign, and then adopted and caused to be registered as a trade-mark in the Patent Office the word "Rubberset." This word had been suggested by one of its employees, as the result of the offering of a prize for the best name to be applied to its brushes. Thereafter a very extensive advertising campaign was engaged in, and has since been continued. Many thousands of dollars have been expended therein. The advertising was carried on, not only in the trade journals (which had theretofore been the customary method), but in magazines, newspapers, periodicals, display matter, etc., the idea being to reach the general public as well as the dealers. For several years after the plaintiff began to advertise thus extensively it had no competitors, as it had none before, in the field of making brushes according to the rubber setting process. Shortly thereafter, however, other brush manufacturers began to make such brushes and to put them upon the market. One of the first to do so was the "Rubber Bound Brush Company," which at first designated its brushes as "Rubber-Bound," and later, after objection to the former name was made by plaintiff, as "Rubber-Vulc." The use of this designation, as well as its corporate name, was, in 1912, enjoined by a decree of the Court of Chancery of New Jersey, which decree was subsequently affirmed by the Court of Errors & Appeals of New Jersey (*Rubber & Celluloid Harness Trimming Company v. Rubber Bound Brush Company*, 81 N. J. Eq. 419; Aff'd 81 N. J. Eq. 519) [Reporter, vol. 3, p. 496]. At the time the plaintiff adopted the word "Rubberset" as its trade-mark, it designated its brush department as the "Rubberset Brush Company," and so notified the trade. This was later changed to the "Rubberset Company." It has used this name on its brushes and in all of its advertisements,

catalogues, display matter, bill and letter heads, etc., since that time. Within a short time after the plaintiff adopted the word "Rubberset" it commenced to use, on the majority of its brushes, metal ferrules, on which it caused to be embossed, in large type, the word "Rubberset," and nothing more. On the wooden handle it printed the "Rubberset Company," and an arbitrary name (which was according to the trade custom), which designated the brand of brush, but not its character, the word "Rubberset" denoting the latter. There is some dispute in the evidence as to whether other manufacturers had not preceded the plaintiff in so stamping or embossing the character of the brush on the metal ferrule. But I consider it established by the evidence that the plaintiff was the first to do so, except that in a few isolated instances, which by no means established a trade custom, the words "set in glue" and a trade-mark had been theretofore imprinted, as distinguished from embossed, in small type on the ferrules of brushes made according to that process. In 1911 the defendant for the first time began to make and sell brushes, the bristles of which were set or held in rubber, and it proceeded to advertise the fact that it was doing so, in its catalogues and otherwise; not, however, by any means as extensively or in the same way as the plaintiff did, but it featured this particular line of goods. It also embossed on the ferrule the character of the brush, as it had not theretofore done with any other of its products, using the words "SET IN RUBBER-DEVOC." On some brushes the words "Set in Rubber" were in one line and the word "Devoc" underneath, the letters of each word being the same size; and in other brushes the words "Set In" were on one line, "Rubber" on another, and "Devoc" on a third. In each the words "Rubber" and "Set" were prominently featured. It also stamped on the wooden handle "F. W. Devoc & Company" and the arbitrary name which designated the brand of the brush. It is the use by the defendant of the words "Set in Rubber" in its catalogues, on the brushes, and in its advertising and display matter, that the plaintiff claims constitutes the unfair competition, which is the subject-matter of this suit. The defendant contends that the word "Rubberset" is not a valid trade-mark, because it is merely descriptive of the process

of manufacture, of the characteristics, qualities or ingredients of the brush, and consequently that there can be no infringement of it; and that it has been guilty of no unfair competition, because not only has it not used the word "Rubberset," but has accompanied the words "Set in Rubber," whenever used, with its own name, which it claims clearly indicates that the brushes are not manufactured by the plaintiff, and thus has done all that the rules of law require that it should do. It is not claimed by plaintiff, either in its pleadings or in the arguments of counsel, that there is a technical infringement of a valid trade-mark, but it is insisted that under the facts in this case either the use of the words "Set-In-Rubber" alone, or the way in which the defendant uses them, constitutes unfair competition, as the latter phrase is now understood in the law. I think it entirely clear that "Rubberset" is not a valid trade-mark as applied to brushes made according to the Read process, because it does not in itself indicate the origin of manufacture, but is merely descriptive of the process of manufacture—the essential characteristic of the brush—the same as "Glue set," "Cement set," etc. These latter terms, the evidence shows, had been used by manufacturers to describe the manner in which their brushes were made, long before the plaintiff began to use "Rubberset." The general proposition upon which the above conclusion rests is, of course, so well settled as to need no citation of authorities, but the correctness of its application to the present case is demonstrated, I think, by the following cases, which are only a very few of those which might be cited: *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, 220 U. S. 446 [Reporter, vol. 1, p. 10]. Cases collected in the opinion of the Circuit Court of Appeals of the Eighth Circuit in the same case (*Trinidad Asphalt Mfg. Co. v. Standard Paint Co.*, 168 Fed. 977, 979; *Rice-Stix Dry Goods Co. v. J. A. Scriven Co.*, 165 Fed. 689 (C. C. A. 8th Cir.); *Florence Mfg. Co. v. Dowd*, 178 Fed. 78 (C. C. A. 2nd Cir.); *N. Y. & N. J. Lubricant Co. v. Young*, 84 N. J. Eq. 469 [Reporter, vol. 5, p. 818]; *Mississippi Wire Glass Co. v. Continuous Glass Press Co.*, 79 N. J. Eq. 277) [Reporter, vol. 1, p. 826]. The decisions of the New Jersey Courts in the *Rubber-Bound Brush Co. case*, *supra*, were based on unfair competition, and it seems to have

been assumed that the plaintiff's trade-marks were invalid as such. But, as plaintiff contends, it is also well settled that words which are not in themselves a valid trade-mark may, by association with the goods of a particular manufacturer, acquire a secondary signification differing from their primary meaning and denoting the product of that manufacturer, and when this is made to appear, their use in that sense will be protected by restraining the use of the words by others in such a way as to amount to a fraud or deception on the public and to cause injury to those to whose employment of them a special meaning has become attached, upon the principle which underlies the law pertaining to trade-marks, that the manufacturer of the particular goods is entitled to the reputation or good will which they have acquired and the public is entitled to the means of distinguishing between them and other goods; or, in other words, to state it concisely, that no one may pass off his goods as and for the goods of another (*Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 188 U. S. 537; *Coats v. Merrick Thread Co.*, 149 U. S. 562; *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169; *Elgin Nat'l Watch Co. v. Illinois Watch Co.*, 179 U. S. 665; *French Republic v. Saratoga Vichy Co.*, 191 U. S. 427; *Herring &c. Safe Co. v. Hall's Safe Co.*, 208 U. S. 554, 559; *Standard Paint Co. v. Trinidad Asphalt Co.*, 220 U. S. 446 [Reporter, vol. 1, p. 10]; *Davids Co. v. Davids*, 233 U. S. 461, 471 [Reporter, vol. 4, p. 175]; *Trinidad Asphalt Co. v. Standard Paint Co.*, 163 Fed. 977 (C. C. A. 8th Cir.); *Standard Paint Co. v. Rubberoid Roofing Co.*, 224 Fed. 695 [Reporter, vol. 5, p. 207] (C. C. A. 7th Cir.); *Samson Cordage Works v. Puritan Cordage Mills*, 211 Fed. 608 [Reporter, vol. 4, p. 225] (C. C. A. 6th Cir.); *Vacuum Oil Co. v. Climax Refining Co.*, 120 Fed. 254, 256 (C. C. A. 6th Cir.); *Fuller v. Huff*, 104 Fed. 141 (C. C. A. 2nd Cir.); *Scriven v. North*, 134 Fed. 866 (C. C. A. 4th Cir.); *Zittloson Mfg. Co. v. Boss*, 219 Fed. 887, 894 [Reporter, vol. 5, p. 184] (C. C. A. 8th Cir.); *United Lace & Braid Mfg. Co. v. Barthels Mfg. Co.*, 221 Fed. 456 [Reporter, vol. 5, p. 473] (D. C. E. D. N. Y.); *International Silver Co. v. Rogers Corp'n*, 66 N. J. Eq. 119; Aff'd 67 N. J. Eq. 646; *Rubber and Celluloid Harness Trimming Co. v. Rubber-Bound Brush Co.*, 81 N. J. Eq. 419; Aff'd 81 N. J. Eq. 519 [Reporter, vol.

8, p. 496]; *Thompson v. Montgomery*, 41 Ch. D. 35; *Wotherspoon v. Currie*, L. R. 5 H. L. 508; *Reddaway v. Banham* (1896), A. C. 199; 25 Eng. Rul. Cas. 198). Nor can I perceive that the rule laid down by the English cases above cited is in any way weakened by the decision of the House of Lords in *Cellular Clothing Co. v. Maxton & Murray* (1899) A. C. 326, as defendant seems to contend. No distinction is made in the cases respecting the general applicability of the foregoing principle, and there can be none in reason as is well pointed out in *Trinidad Asphalt Co. v. Standard Paint Co.*, 168 Fed. at 982, to words which are unavailable as technical trademarks because they are geographical, descriptive, generic or names of individuals; but its specific application in any particular case may vary according to the nature of the word, both because one kind of a word, for instance a generic one, may more readily acquire a secondary meaning than a descriptive one, as may also its use be more likely to deceive. The difficulty in any given case arises in determining whether a word or words have acquired a secondary meaning; and if so, what must be shown to entitle one to relief, and the nature of the relief to be given. The first question to be decided is, therefore, whether the word "Rubberset" has acquired a secondary significance or meaning of origin of manufacture; in other words, whether it has come to mean to the public brushes manufactured by the plaintiff. This is a question of fact. It was found by Vice Chancellor Howell in the *Rubber-Bound Brush Co.* case, and his finding was unanimously concurred in by the Court of Errors and Appeals of New Jersey, that it had acquired such a meaning; and while I have not had the benefit of an examination of the evidence which was before him, I think I am safe in assuming that it was of no more probative force than that which was offered in this case. Without attempting to review the evidence (which I think would serve no useful purpose) I unhesitatingly concur in his finding and conclude, on the facts in this case, that it has acquired such a secondary meaning, not only among manufacturers, but among dealers and the general public. The evidence furnishes many instances to support this conclusion, which, of necessity, are isolated but, nevertheless, I think, representative. In fact, knowing as we do the effect of modern advertising, it would be difficult in-

deed, when the character and extent of the advertising which the plaintiff has carried on is considered, to escape the conclusion that the word "Rubberset," as applied to brushes, has come to mean brushes manufactured by the plaintiff. I think it proper to state that in reaching this conclusion, as well as any other respecting the facts, I have not been in any way influenced by and have not considered the letters which were offered by the plaintiff, through the witness McGinn, as I think them incompetent. The defendant, however, does not use the word "Rubberset," but the words "Set in Rubber." This word and phrase, however, are so similar that I have no difficulty in finding that if the latter were used alone, it would convey to the ordinary person the same meaning as the former, and thus would lead to deception. The evidence demonstrates this, I think, beyond question. Indeed the words "Set in Rubber" are more nearly like "Rubberset" than the hyphenated word "Rubber-Vulc," the use of which was enjoined by Vice Chancellor Howell. If, therefore, the word "Rubberset" were a valid trade-mark, the plaintiff would be entitled to have the further use by the defendant of the words "Set in Rubber" restrained, without proof of deception or intent to deceive, because in such circumstances wrongful intent, as well as deception, is presumed. *Elgin Nat'l Watch Co. v. Illinois Watch Co., supra*. But in a case like this something more than the mere similarity, or what would, if there were a valid trade-mark, amount to infringement thereof, must be shown (*Standard Paint Co. v. Trinidad Asphalt Co.*, 220 U. S. 461 [Reporter, vol. 1, p. 10]; *Elgin Nat'l Watch Co. case, supra*). The rule in New Jersey and that prevailing in England is thus stated by Vice Chancellor Howell in the *Rubber-Bound Brush Company* case (p. 424) [Reporter, vol. 3, p. 501]:

"It is not necessary that the complainant in order to succeed should prove misrepresentation or *actual* fraud by the defendant, or give any evidence that a single person was deceived. It is enough if in the opinion of the Judge the symbol or device or get-up used by the defendant is one which so closely resembled the symbol, device or get-up used by the complainant as to be likely to deceive the public."

(See, also, *International Silver Co. v. Rogers Corp'n*, 66 N. J. Eq., 129, *et seq.*) This statement of the rule is not, I think, in reality different from that prevailing in the Federal Courts, although

differently expressed. In the *Elgin Nat'l Watch Co. case, supra*, Mr. Chief Justice Fuller said that in this class of cases (at p. 674): "such circumstances must be made out as will show wrongful intent in fact, or justify that inference from the inevitable consequences of the act complained of."

The *Singer* case, among others, is cited for the rule thus stated. In that case it was said (on p. 188):

"Where the name is one which has previously thereto come to indicate the source of manufacture of particular devices, the use of such name by another, unaccompanied with any precaution or indication, *in itself amounts to an artifice calculated to produce the deception alluded to in the foregoing adjudications.*"

And again it was said:

"He cannot resort to any artifice or do any act *calculated to mislead the public.*"

In *Standard Paint Co. v. Trinidad Asphalt Co., supra*, Mr. Justice McKenna said (p. 461) [Reporter, vol. 1, p. 19]:

"The essence of such a wrong consists in the sale of the goods of one manufacturer or vendor for those of another * * * it (the defendant) does not use the word 'Rubero' in such a way as to amount to a fraud upon the public."

It has been uniformly held in the various Circuits that it is not necessary that actual intent to defraud be shown. *Van Houten v. Hooten Cocoa &c. Co.*, 180 Fed. 600 (C. C. N. J.); *Samson Cordage Works v. Puritan Cordage Mills*, 211 Fed. 608 [Reporter, vol. 4, p. 225] (C. C. A. 6th Cir.); *Florence Mfg. Co. v. Dowd*, 178 Fed. 78 (C. C. A. 2nd Cir.); *Scriven v. North*, 184 Fed. 375 (C. C. A. 6th Cir.); *Fuller v. Huff*, 104 Fed. 141 (C. C. A. 2nd Cir.). The rule then, as I understand it, is that if one uses a word or words, which have acquired the secondary meaning beforementioned, in such a way as would be likely to deceive the public in believing that his goods are those of another, that it will be conclusively presumed that he intended to deceive and injure. If the presumption were rebuttable and made to depend upon the actual intent of a party, in many cases the courts would be powerless to prevent deception and to afford a remedy for what, in reality, would be a wrong. In applying the rule it is to be borne in mind that the likelihood of deception is not confined to the dealer (who would likely be able to distinguish), but the rule primarily seeks to protect the ordinary purchaser; or, in other words, the liability

of the ultimate consumer to be misled must be reckoned with (*Fuller v. Huff*, *supra*; *Samson Cordage Works v. Puritan Cordage Mills*, *supra*, 610 [Reporter, vol. 4, p. 285], and cases cited; *Florence Mfg. Co. v. Dowd*, *supra*; *Scriven v. North*, *supra*; *Coca-Cola Co. v. Gay-Ola Co.*, 200 Fed. 720, 728 [Reporter, vol. 3, p. 1]; *International Silver Co. v. Rogers Corp'n*, *supra*). Indeed, the rule would be of little practical use if it could be avoided by showing that dealers would not be deceived; for then the dealer could unrestrainedly perpetrate deception upon the ultimate consumer. So the Courts have wisely required that the manufacturer must, in the first instance, take such precautions as will make it fairly impossible for a dealer to deceive an ordinarily cautious customer. It remains to consider the facts of this case in the light of these rules. In doing so it must be remembered that the plaintiff has now no exclusive right to use the Read process, or to the reputation for the superiority of the products of that process, whether the same has been acquired by its advertising or not. But it has the exclusive right to the reputation which it has acquired for the brushes manufactured by it according to the process. The defendant, as well as others, has the right to describe and advertise its brushes as made according to the rubber set process. The question then is, has it done so in such a way as to mislead the public? In its catalogues it designates its brushes, which are made according to this process, as "Set in Rubber." It seems to me ridiculous to say that a description in a catalogue, prepared and distributed by the defendant, of goods as "Set in Rubber," would induce anyone who saw that catalogue to believe that the goods therein described were manufactured by the plaintiff, because the catalogue shows, as clearly as it is possible to show anything, that the goods are manufactured by the defendant. To say that a name has acquired a secondary meaning, denoting the origin of manufacture and at the same time to say that the use of those words in a catalogue of goods of another manufacture, would lead a person reading that catalogue to believe that the goods were manufactured by the first manufacturer, presents a contradiction which must destroy any secondary meaning of the word, because it would show that the secondary meaning was not that of origin, but of process of manufacture. (See remarks of Chief Justice White in

Singer Case at 200.) The same would seem to apply in respect to bill heads, letters, circulars, and advertisements other than display matter, where the full name of the manufacturer is given equal prominence with that of the descriptive words "Set in Rubber." But, when the marking on the brushes is considered, I think quite a different situation is presented. The words "Set in Rubber" are so similar to the word "Rubberset" that, when the former are found by an intending purchaser in the same place and in the same kind of characters on a brush as the latter word, as in this case, the natural result would be extreme liability of deception. The public, through the plaintiff's advertisements of various kinds, has become accustomed to seeing the word "Rubberset," embossed on the ferrule of the brushes advertised as manufactured by the plaintiff. The plaintiff was the first in the field to mark them. It follows, therefore, that the embossing by the defendant on the ferrule of its brushes of the words "Set in Rubber" is such as would inevitably lead to deception, as the evidence demonstrates that it has, and hence constitutes unfair competition. The words are thus used not descriptively, but as a trade-name. But it is insisted that, even if this is so, the use of the word "Devoe" on the ferrule of the brushes, in connection with the words "Set in Rubber" together with the marking of the name of the manufacturer on the handle, will prevent misapprehension upon the question of origin. This depends, to some extent, upon the meaning which the word "Devoe" has acquired in the public mind. Although the defendant has long been engaged in the manufacture of brushes, still, the evidence shows, I think, that its reputation, so far as the public is concerned, is that of a manufacturer of paints. In addition the word "Devoe" might convey to the ordinary purchaser merely the name of a brand. I think the evidence demonstrates, as well as the probabilities based on common experience, that the word "Devoe," used as it is in connection with the words "Set in Rubber," would not sufficiently prevent misapprehension as to the origin of manufacture on the part of one who wished to buy a "Rubberset" brush manufactured by the plaintiff, and whose inclination to do so was brought about by the plaintiff's advertising. What has just been said applies to display matter furnished by the defendant and used in stores where its

brushes are sold. A sign, such as was offered in evidence and therein referred to as the "White Sign," which has on it only this: "Something new in Devoc Quality—Set in Rubber," and the picture of a brush with the words "Set in Rubber Devoc" on the ferrule, would be quite as likely to deceive an intending purchaser as the words "Set in Rubber Devoc" embossed on a brush. The remaining question is, therefore, what specific relief the plaintiff is entitled to; relief which will protect it from injury, prevent deception of the public, and at the same time preserve the rights of the defendant. To preclude the use altogether of the words "Set in Rubber," because of their resemblance to the word "Rubberset" would be to give to the latter the full effect of a trade-mark, while denying its validity as such. This, so far as the Federal Courts, at least, are concerned, cannot be done, *Herring, Hall Marvin Safe Co. v. Hall's Safe Co.*, 208 U. S. 554, 559; *Standard Paint Co. v. Trinidad Asphalt Co.*, *supra*, 461 [Reporter, vol. 1, p. 19]; *Yale & Towne Mfg. Co. v. Ford*, 208 Fed. 707 [Reporter, vol. 8, p. 205] (C. C. A. 8d Cir.). Nor was any such relief granted in *Reddaway v. Banham*, *supra*, but the defendant was permitted to use the name "Camel Hair Belting" under restrictions, which would clearly indicate that the defendant's product was not that of the plaintiff. The rule which must govern the Federal Courts is that stated by Chief Justice White in the *Singer* case (p. 200), that the word or words, must be accompanied with such indications that the thing manufactured is the work of the one making it, as will "unmistakably inform the public of that fact." This does not mean, of course, that one may "dress up" his goods like another. In order to "unmistakably inform the public," as to the origin, similar "dressing up" of goods may be enjoined where, if it were permitted, even though accompanied with the name of the manufacturer, it would be likely to deceive. I doubt not that in a proper case the use of words similar to those which have acquired a secondary meaning may be enjoined when they in themselves are likely to deceive, even if accompanied by something else to indicate the source of origin, if other words will just as well describe the article. But I think that the words "Set in Rubber," when the former trade custom of describing the process of manufacture, as "cement set," "glue set," etc., is taken into considera-

tion, are so aptly descriptive of the characteristics of a brush made according to that process, that to require the defendant to use other words to describe the character of its goods would be to encroach unduly upon its rights. The decisions of the Circuit Court of Appeals and the Supreme Court in the "Rubberoid" case furnish an example of the extent to which the Federal Courts, at least, may not go in this respect. But to permit the defendant to use the words "Set in Rubber" in the manner in which it has used them on its brushes and in its display matter, as before shown, will inevitably lead to deception of the public and injury to the plaintiff. In order to prevent this deception and to "unmistakably inform the public" that its goods are not manufactured by the plaintiff, I think that the defendant must be restrained from the use at all of the words "Set in Rubber," or similar words, on or near the ferrule of any of the brushes which it manufactures, except on the handle proper, in which latter place the full name of the manufacturer (not Devoe) must accompany them; and from using on any display matter in its or other stores where brushes are sold, the words "Set in Rubber," or similar words, unless it accompanies such use by a conspicuous positive statement that the brushes are not manufactured by the Rubberset Company. This also applies to labels on boxes, or other containers for brushes.

The plaintiff will, therefore, be awarded an injunction in accordance with the above conclusion. It is also entitled to costs and damages. But under the rule enunciated by the Circuit Court of Appeals of this Circuit in *P. E. Sharpless Co. v. Lawrence* (218 Fed. 428) [Reporter, vol. 4, p. 333], and which I think finds support in the recent and as yet unreported opinion of the Supreme Court in *Hamilton Brown Shoe Co. v. The Wolf Bros. & Co.* [Reporter, vol. 6, p. 169], I do not think it is entitled to an accounting for profits, because I cannot find that the unfair competition was so "willful and fraudulent" as to justify the imposition of profits as a "punitive addition to the ordinary decree of compensatory damages."

PENINSULAR CHEMICAL COMPANY V. LEVINSON, et al.

United States District Court, Southern District of Ohio

June 28, 1916

1. INFRINGEMENT—GOODS OF THE SAME DESCRIPTIVE PROPERTIES.

Cigars are not goods of the same descriptive properties with medicinal preparations. Therefore, it is no infringement upon the plaintiff's trade-mark "Penslar" for such remedies, to apply it to cigars of the defendant's manufacture.

2. UNFAIR COMPETITION—DISSIMILARITY OF GOODS.

There can be no unfair competition, unless there is competition in fact. The use upon cigars, of the plaintiff's trade-mark, applied by it to medicinal preparations, does not constitute unfair competition, even though cigars are usually sold in drug stores, where the plaintiff's remedies are sold, and even though it leads purchasers to suppose that the cigars are manufactured or offered for sale by the plaintiff.

In Equity. On final hearing. Bill of complaint dismissed.

Lucking, Helfman, Lucking & Hanlon, Worthington, Strong & Stettinius, attorneys for plaintiff.

Littleford, James, Ballard & Frost, attorneys for defendant.

HOLLISTER, District Judge: During the last few years certain manufacturers of medical remedies and toilet articles have sold their goods through certain drug stores whose owners they have made their respective exclusive dealer-agents, a distinctive name being given to the goods, and the same name being adopted for the drug stores. The goods of one manufacturer are named "Rexall"; another "Nyal," and the complainant, since 1910, had adopted for its goods the name "Penslar," for which it registered its trade-mark in April, 1911. There may be others using the same way of marketing their wares.

To such an extent had complainant introduced its goods at the time this suit was brought (December 2, 1915), that it had more than 3,500 agencies in the United States and Canada, and its sale had risen to more than \$800,000.00 annually. These drug stores display the name "Penslar" on the front glass of the show window, or on the door of the store, and the dealer-agencies are known as "Penslar Drug Stores." The complainant does not own the drug stores, nor has it any interest in them so far as appears. The mark is distinctive; attracts attention, and is composed of a coined

word written with peculiar characteristics. It has no meaning, except as a name for complainant's goods; but it denotes origin, not only from that fact, but also because it is an abbreviation of the adjective "Peninsular" in complainant's corporate name. The name has become identified with complainant's goods, which enjoy a high reputation for quality and reliability. The color adopted for the trade-mark is red upon a gray background, a plan from which complainant has not departed except in the markings upon the labels of a few toilet articles, for which departure there is a reasonable explanation. It may definitely be said that the trade-mark, colored red, is a distinctive marking and a marked feature of complainant's labels.

The defendant, Samuel Levinson, is a manufacturer of cigars in Cincinnati under the name, "Wyandotte Cigar Co.," in which name the government internal revenue license is issued. He makes and markets cigars called "Penslar" cigars under the name "Penslar Cigar Co.," and makes and markets "Nyal" cigars under the name "Nyal Cigar Co." He has no connection whatever with the complainant, or with the company under whose name "Nyal" agencies for its wares have been established, which are known as "Nyal Drug Stores." Defendant has appropriated these names, using one or the other upon the labels of his cigar boxes and upon the band encircling each cigar, and has copied complainant's trade-mark in detail, including the color in which it is displayed. His sales of "Penslar" cigars are almost exclusively to "Penslar Drug Stores," complainant's dealer-agencies. He has caused it to be represented to Penslar agencies that he is connected with complainant; that complainant and "Penslar Cigar Co." are the same company; that the "Penslar" cigar was of good quality, because the complainant could not afford to sell a poor cigar. These direct representations were made by defendant's brother, S. W. Levinson, who was his agent; but defendant disclaims authorization for the misrepresentations.

Samuel Levinson is a man of much intelligence, and his statement that the marketing of his cigars under the complainant's name and under the name "Nyal" was at the suggestion of his brother, as to one, and of a friend as to the other, does not overcome, not only the circumstantial evidence in the case, but facts

which indicate beyond doubt that it was defendant's purpose, by marking his cigars in the way he did and by attempting to introduce and introducing them into "Penslar Drug Stores," to give the impression that the cigars were made by, and were the goods of, the complainant. To his conduct is attached the peculiar significance that almost always, if not quite universally, cigars are on sale in drug stores. They are usually in a show case in a prominent location in the store.

Complainant's corporate name indicates that it deals in chemicals and it does in fact deal in remedies for certain diseases. Drug stores are the appropriate places for the sale of its remedies. It does not make or deal in, or have authority to make cigars. One familiar with "Penslar" remedies carried in "Penslar Drug Stores" would, however, undoubtedly draw the conclusion that the maker of the "Penslar" remedies was the maker of "Penslar" cigars on sale in these stores, and had included within its business articles which were not medical remedies at all. The complainant's present line of some 175 or more different articles includes not only remedies for diseases, but commodities which are usually carried by drug stores such as toilet articles, pencils and tooth brushes, to which the name "Penslar" is also affixed.

If complainant's trade-mark covered cigars and it had authority to make cigars, made them and sold them to "Penslar Drug Stores," this would be a flagrant case of infringement of trade-mark and of unfair competition: a fraud upon the public, because the purchaser does not obtain what he intended to buy, and an injury to the complainant, because the public, intending to buy its cigars, would purchase the cigars of some one else. These are the tests of infringement of trade-mark and of unfair competition, *Elgin Nat. Watch Co. v. Illinois Watch Co.*, 179 U. S. 665, 674; *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 188 U. S. 537, 549; *Procter & Gamble Co. v. Globe Refining Co.*, 92 Fed. 857, 860, 861 (C. C. A. 6).

In the case first cited, it was said by Mr. Chief Justice Fuller:

"* * * the manufacturer of particular goods is entitled to the reputation they have acquired, and the public is entitled to the means of distinguishing between those, and other goods; and protection is accorded against unfair dealing, whether there be a technical trade-mark or not. The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another."

Outside of such questions as may arise, affecting the jurisdiction of the courts of the United States (in actions for infringement of trade-mark the court has jurisdiction by reason of the subject-matter, and in an action for unfair competition jurisdiction is conferred by reason of diversity of citizenship), there is little difference between the actions, so far as the principle upon which they are based is concerned. Fraud on the public and injury to the complainant give the right in either case, the wrong being the representation that defendant's goods are the complainant's. The intent to deceive is presumed in the case of infringement of a trade-mark, while in cases of unfair competition, the intent must be proved, or what amounts to "palming off" defendant's goods for complainant's (*Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 188 U. S. 537, 549; *Elgin Watch Co. v. Illinois Watch Co.*, 179 U. S. 665, 674; *Sampson Cordage Works v. Puritan Mills*, 211 Fed. 608, 608 [Reporter, vol. 4, p. 225] (C. C. A. 6); *Gaines & Co. v. Turner-Looker Co.*, 204 Fed. 558, 556 [Reporter, vol. 3, p. 311] (C. C. A. 6).

It was said by Judge Denison in *Merriam & Co. v. Saalfeld* (198 Fed. 369, 372) [Reporter, vol. 2, p. 448]:

"The entire substantive law of trade-marks (excepting statutory provisions and construction) is a branch of the broader law of unfair competition. The ultimate offense always is that defendant has passed off his goods as and for those of the complainant."

In that case he said also (372):

"A trade-mark is a trade-mark because it is indicative of the origin of the goods. The original right to its exclusive use was not based upon any statute, but upon principles of equity; and the right is acquired, not by discovery or invention or registration, but by adoption and use."

When adopted and established, it is a species of property (*Leather Cloth Co. v. American Leather Cloth Co.*, 4 De Gex, J. & S. 187, 142; *Boston Diatite Co. v. Florence Mfg. Co.*, 114 Mass. 69, 70; 88 Cyc. 760, n. 68). When that right of property has been injured, while an action at law for deceit would lie (4 De Gex, J. & S. 187, 189), equity takes jurisdiction because of the inadequacy of the remedy at law, *Coca-Cola Co. v. Gay-Ola Co.*, 200 Fed. 720, 722, [Reporter, vol. 3, p. 4] (C. C. A.). When, therefore, the trade-mark is established, whether registered or not, consisting of a name or mark indicating origin, not descriptive in character nor geographical (to which, through usage and common acceptance, a secondary

meaning has not become attached), and is the designating mark of a certain class of goods, its value may not be taken away, either by one who bodily appropriates it for the same class of goods which have acquired for the owner a reputation in the market, or by one who so dresses his goods as to deceive the not closely discriminating purchaser—that is to say, the ordinary purchaser—into the belief that he is getting the goods known to the market as the goods to which the known mark or name has been attached.

The defendant does not deny these principles; but he denies their application to him, on the ground that complainant's trade-mark, as registered, and by adoption and use, includes only certain classes of goods within which he claims are not found cigars, and that the complainant does not manufacture, sell or deal in cigars. Complainant's registered trade-mark "Penslar" is for—

"remedies for liver ills, rectal ailments, impure blood, kidney and bladder troubles, diarrhea, colds, sore throat and bronchial affections, corns, catarrh, female ailments, dyspepsia, eczema, skin diseases, headache, rheumatism, toothache, for worms, and for relieving pain, salves, medicinal tonics, laxatives, cod-liver oil, nerve-stimulants, liniments, castor-oil, soothing-syrup, foot-powder, ointments, alteratives and liquid dentifrice, in Class No. 6, chemicals, medicines and pharmaceutical preparations."

Granting that, medicinally, tobacco is narcotic, emetic and cathartic (Webster), yet medicinal qualities are not usually ascribed to tobacco in the form of cigars, and defendant's contention that cigars are not in the same class with the remedies for which the trade-mark was registered would seem to be well taken. Granting for the purpose of this case, that the designation by the complainant of the class for which the mark is registered is not conclusive, and the fact that products of tobacco are in the Patent Office given a separate classification from complainant's remedies, is not controlling, yet by the trade-mark statute (Act, February 20, 1905, c. 592, Sec. 16, section 9501 U. S. Comp. Stat., 1913, p. 4824), no person without the consent of the owner may reproduce or counterfeit, copy or colorably imitate, his trade-mark, "and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration."

The rule is substantially the same at common law. The rule

is stated, with citation of many cases, in headnote 8 of *Hump Hair-pin Co. v. De Long Hook & Eye Co.* (39 App. Cas. D. of C., 484) [Reporter, vol. 3, p. 238]:

"Articles of merchandise may be said to be of the same descriptive properties, within the meaning of the trade-mark act, when their general and essential characteristics are of such a sameness that the use of a similar trade-mark will be likely to mislead the general public."

There is no likeness between cigars and complainant's remedies, and no one buying a cigar in a "Penslar Drug Store," where the "Penslar" remedies for diseases are sold, could possibly imagine he was getting a "Penslar" remedy.

Many cases are cited by counsel for complainant, some involving technical trade-marks, some unfair competition, and some both of these, in which the court found the offending article or commodity to be of the same class, or a species of the same class, of the article or commodity covered by the trade-mark. In them the relation of the article claimed not to be covered by the trade-mark, tested by the impression the mark upon it would make upon the not closely discriminating purchaser, to the article covered by the mark or name, is obvious. These decisions do not, as said by Judge Denison in *Gaines Co. v. Distilling Co.* (226 Fed. 531, 537) [Reporter, vol. 6, p. 16], permit the particular trade-mark to be "divided as to its subject-matter."

The only ground upon which this trade-mark could be held applicable to cigars would be that cigars are almost universally found on sale in drug stores. But if cigars are included in the class of articles described in complainant's registration because of that reason, the same would hold true of many articles now carried in drug stores, particularly in cities where such stores have become a kind of department store in a small way. Goods are now offered in drug stores which have no relation to drugs and medicines, though they have largely entered into the business carried on in drug stores. Today may be seen within a block of the Postoffice in Cincinnati in windows of drug stores, stationery, suitcases, candies, toys, bathing caps, umbrellas, etc. No doubt, many of these articles are carried in "Penslar Drug Stores," to which complainant now sells pencils and tooth brushes, but has not yet definitely decided to carry candy, cigars and rubber goods; but no purchaser would regard these articles as "Penslar" remedies

even if marked with that name, but would think they were put upon the market by the owner of "Penslar" remedies.

The complainant does not deal in cigars, and while the language in many of the cases, in describing the nature of the wrong done by an infringer, speaks of it as the representation of one's goods to be those of another, thereby giving the impression that the infringement would exist if the name were applied to other classes of goods than those known throughout the trade-mark, registered or otherwise, yet there seems to be no doubt that the trade-mark or name is limited to the class or kind to which the owner's trade-mark has been affixed and known under that name in the market. In *Canal Co. v. Clark* (18 Wall, 811, 828) it was said by Mr. Justice Strong:

"No one can claim protection for the exclusive use of a trade-mark or trade-name which would practically give him a monopoly in the sale of any goods other than those produced or made by himself."

This is quoted in *Mfg. Co. v. Trainer* (101 U. S. 51, 54). In that case, the rule is stated by Mr. Justice Clifford (57):

"that he who first adopts such a trade-mark acquires the right to its exclusive use in connection with the particular class of merchandise to which its use has been applied by himself or his agents.

"Prior use is essential to any such exclusive claim, as the right to protection begins from such actual prior use; nor does the right to protection extend beyond the actual use of the device. Hence the use of it on one particular article of manufacture or merchandise will not prevent another from using it on another and different class of articles * * *."

These statements are found in a dissenting opinion, it is true; but as declarations of general rules, are as valuable as if found in the opinion of the majority. It was said by the Lord Chancellor, in *Leather Cloth Co. v. American Leather Cloth Co.* (4 De Gex, J. & S. 187, 141):

"It is indeed true that, unless the mark used by the defendant be applied by him to the same kind of goods as the goods of the plaintiff, and be in itself such, that it may be, and is, mistaken in the market for the trade-mark of the plaintiff, the Court will not interfere, because there is no invasion of the plaintiff's right * * *."

Judge Denison, in *Merriam Co. v. Saalfeld* (198 Fed. 869, 876) [Reporter, vol. 2, p. 458], speaking of rights in trade-marks and to protection against unfair competition, says:

"* * * these rights are only incidental to an existing business; they cannot be independently injured or suffer damages; * * *."

Judge Sanborn states the general rule to be:

"the owner must have used his trade-mark on the same class but not necessarily on the same species of goods as the alleged infringer, in order to entitle him to its protection against infringement."—*Layton Co. v. Church Co.*, 182 Fed. 35, 37 (C. C. A. 8).

"Penslar," as a trade-mark or trade-name, does not cover cigars, and its adoption by defendant for cigars does not deprive complainant of its property in the trade-mark it has upon another class of goods. Hence, there is no injury to complainant of which the law takes cognizance.

Of course, if there is a proper trade-mark, the complainant is entitled to an injunction against trepasses upon it. And this is so whether the infringement was intentional or not, or injurious or not, for in such case intent and damage are immaterial, *Layton Co. v. Church Co.*, 182 Fed. 24, 33, 34 (C. C. A. 8). The reason is that equity will protect the owner's property right (*Lawrence Mfg. Co. v. Tenn. Mfg. Co.*, 188 U. S. 537, 549). It was said by Judge Baker in *Church Co. v. Russ* (99 Fed. 276, 279):

"The cases all agree that no one has a right to use another's trade-mark in connection with similar goods."

But complainant has no property right in its trade-mark as applied to cigars, for cigars are not in the same class as its remedies and has no point of similitude with them. The test of a technical trade-mark may be drawn from what is said by Judge Cochran in *Bissel v. Bissel Plow Co.* (121 Fed. 357, 364, 365):

"Indeed, what makes a mark affixed by a seller to goods produced or selected by him a technical trade-mark (i. e., one whose exclusive use by him in marking goods of the same or like character will be protected) is that when it is affixed to goods of that character it amounts to a representation that they are the goods of the person who has adopted it as his trade-mark. If it does not amount to such a representation, it is not a technical trade-mark."

The existence of a valid trade-mark is not, however, essential to a right of action for unfair competition, the essence of which consists in the palming off the merchandise of one person for that of another (*Sampson Cordage Works v. Puritan Cordage Mills*, 211 Fed. 603, 608 [Reporter, vol. 4, p. 232]; Head-note, *Standard Paint Co. v. Trinidad Asph. Co.*, 220 U. S. 446) [Reporter, vol. 1. p. 10]. The cardinal rule upon the subject of unfair competition is laid down by Judge Severens:

"* * * no one shall, by imitation or any unfair device, induce the public to believe that the goods he offers for sale are the goods of another, and thereby appropriate to himself the value of the reputation which the other has acquired for his own products or merchandise."—*Proctor & Gamble Co. v. Globe Refining Co.*, 92 Fed. 357, 361.

It is manifest that the palming off must be with reference to the same, or similar, kind of goods, otherwise there would be no pecuniary injury to the owner of the goods caused by the palming off of another's goods for his, although the public might be deceived into thinking defendant's goods were the goods of plaintiff sought to be purchased.

In cases of unfair competition, however, an injunction does not issue as of course, but the intent to deceive the public must be shown, or may be inferred "from the inevitable consequences of the act complained of," *Elgin Watch Co. v. Illinois Watch Co.*, 179 U. S. 665, 674; *Sampson Cordage Works v. Puritan Cordage Mills*, 211 Fed. 603, 608 [Reporter, vol. 4, p. 225] (C. C. A. 6). The only injury to the owner, growing out of the deception of the public, lies in the fact that he has lost, or will necessarily lose, sales he would otherwise make of his own goods, and which the offender makes through the reputation of the owner. It was said by Judge Denison, in discussing the question of damages in trade-mark and unfair competition cases (*Merriam Co. v. Saalfeld*, 198 Fed. 369, 376) [Reporter, vol. 2, p. 453]:

"there can be no damage in connection with violation of these rights, except as there is injury to the business and good will; and this damage can be only through loss of sales which otherwise would have accrued to the injured business (or, indeed, damage to the reputation of the goods—another has acquired for his own products or merchandise."—*Proctor &*

Isolated statements in the opinions of many decisions may be made the basis of a serious claim that imposition on the public is a sufficient foundation for the intervention of equity, yet equity will not interfere at private instance to protect a public wrong. It is the private injury which gives the private right of redress. If the complainant is not injured by what has been done, it has no right to complain. In *American Washboard Co. v. Saginaw Mfg. Co.* (103 Fed. 281, 285), it was said by then Judge Day, with whom sat Judges Taft and Lurton:

"It is doubtless morally wrong and improper to impose upon the public by the sale of spurious goods, but this does not give rise to a private right of action unless the property rights of the plaintiff are thereby invaded. There are many wrongs which can only be righted through public

prosecution, and for which the legislature, and not the courts, must provide a remedy. Courts of equity, in granting relief by injunction are concerned with the property rights of complainant." (Citing *Leather Cloth Co. v. American Leather Cloth Co.*, 4 De Gex, J. & S. 137, 11 H. L. Cas. 523, and *Weener v. Brayton*, 152 Mass. 101.)

(See, also, *Borden's Condensed Milk Co. v. Horlick's M. M. Co.*, 206 Fed. 949, 958 [Reporter, vol. 3, p. 476] (D. C.), and *Motion Picture Patent Co. v. Eclair Film Co.*, 208 Fed. 416, 417, 418 [Reporter, vol. 4, p. 6] (D. C.).

It is said by Judge Carpenter in *Borden Ice Cream Co. v. Borden's Condensed Milk Co.* (201 Fed. 510, 518 [Reporter, vol. 3, p. 85] (C. C. 9. 7):

"It has been said that the universal test question in cases of this class is whether the public is likely to be deceived as to the maker or seller of the goods. This, in our opinion, is not the fundamental question. The deception of the public naturally tends to injure the proprietor of a business by diverting his customers and depriving him of sales which otherwise he might have made. This, rather than the protection of the public against imposition, is the sound and true basis for the private remedy. That the public is deceived may be evidence of the fact that the original proprietor's rights are being invaded. If, however, the rights of the original proprietor are in no wise interfered with, the deception of the public is no concern of a court of chancery."

Of course, the right of the State, through its proper officer, to protection by injunction against acts affecting public morals, when the acts involved are a public nuisance, is another subject.

Since the defendant does not compete with the complainant in the sale of cigars and cigars have no similitude whatever to any of the goods in which complainant deals, and upon which its mark is affixed, I am unable to see how the charge of unfair competition can be sustained unless in some way it is made to appear that a pecuniary injury to the complainant has resulted, or will result, from the acts complained of. There are decisions which would seem to indicate that relief was given although no injury appeared to the owner of the name, growing out of the loss of sales by him. So far as any of them depart—if, upon analysis, there is a real departure from the principle upon which relief is given in cases of this kind—I am unable to follow them, and am not bound by them. In these there is involved the making by defendant of a species of the same kind of goods, to which the reputation of another had attached, and in all of them, so far as appears, the complainant had the right to make the offending article; and it was held that when he made it the reputation acquired by other

goods of the same class would attach when the owner actually made the article in controversy. The present case may be distinguished from these on at least two grounds. One is, that cigars are not in the same class as "Penslar" remedies; and the other, that plaintiff did not, under its charter, have the right to make cigars.

The purposes of complainant, as disclosed by its charter, are—

"The manufacture and sale and dealing in pharmaceutical specialties and kindred articles, and the transaction of all business incidental thereto"

—and do not include the making of, and dealing in, cigars. It may be that defendant, a wrongdoer, could not defend on this ground, since complainant's want of power to make and deal in cigars is no injury to him (*Railroad Co. v. Ellerman*, 105 U. S. 166, 174); but it seems to me as a part of complainant's case and as an essential part of the right of property for which he seeks protection, that since it does not make or deal in cigars, it must in any event show its right to do so. If it, indeed, made and sold cigars, it would be difficult to patiently listen, in contemplation of defendant's conduct, to his assertion that complainant had no right to make and deal in cigars; but since complainant neither makes nor deals in cigars, nor has the right to do so, it is difficult to see how it can successfully charge the defendant with unfair competition in that commodity.

The conclusion in this case need not, however, be based upon complainant's want of authority to make and deal in cigars, but on the fact that it does not do so, and the defendant does not, therefore, compete with complainant. In the case of *Borden Ice Cream Co. v. Borden's Condensed Milk Co.* (201 Fed. 510, 514) [Reporter, vol. 8, p. 86], it was squarely stated:

"The phrase 'unfair competition' presupposes competition of some sort. In the absence of competition the doctrine cannot be invoked."

It will be noticed that complainant's power in that case was quite broad. The decision in this case is placed on the ground that complainant has no trade-mark or trade-name covering cigars, and it does not make, sell or deal in cigars and that cigars are not a like or similar commodity with and to complainant's remedies for diseases.

It may not be doubted that if anything defendant has done injures, or tends to injure, the reputation plaintiff has acquired for its remedies under the name "Penslar," an injunction would issue. But it cannot be said that the defendant's use of the name "Penslar" in connection with its cigars either in itself injures or tends to injure the reputation complainant has for its other goods. It is conceivable that defendant could make and sell a cigar under that name of superior quality, which might enhance the reputation complainant has in its other goods. It is probable that cigars of poor quality would injure the sale of complainant's remedies. There is no evidence whatever that the complainant, even in a single instance, has lost anything by the want of good quality in defendant's cigars. There was evidence introduced tending to show his cigars do not contain as much Havana tobacco as such cigars should contain (he makes five- and ten-cent cigars); but there was no standard with relation to which the court could say that the quality of the cigars was such as to necessarily affect the reputation the complainant has for high quality in its remedies.

After much consideration, the conclusion is reached that the bill should be dismissed for the reasons given.

In view of this conclusion, it will not be necessary to decide the question raised by defendant that the complainant cannot, in any event, maintain the suit because of the alleged untrue statements on its labels that its remedies are made in Canada when in fact they are made in Detroit. On this question, no opinion is expressed.

BOSTON SHOE SHOP V. MCBROOM SHOE SHOP
(72 Southern Rep., 102)

Supreme Court of Alabama

June 1, 1916

1. UNFAIR COMPETITION—ADVERTISING SIGN.

The use of a sign upon a shoe repair shop, which was calculated to cause the public to believe that the shop is that of the plaintiff, is unfair competition and should be enjoined.

2. UNFAIR COMPETITION—FRAUD AND DECEPTION.

It is not necessary to allege or prove actual fraud, where the imitation exists, nor need it be shown that persons have been actually deceived. The likelihood of deception is sufficient.

Appeal from a decree of the law of equity court, Mobile county, sustaining a demurrer to complaint. Reversed and remanded.

The bill of complaint alleged that one Reuben A. McBroom, up to the time of his death, conducted in Mobile a shop for repairing shoes, under the name of the "Boston Shoe Shop." For a long time prior to his death, he had used extensively on his letterheads, in his advertising matter, and otherwise, an ornamental design, consisting of the name "Boston Shoe Shop" in a peculiar form of script, having underneath a heavy stroke in which appeared, as if cut out, the words "We fix 'em quick." Plaintiff, upon his death, bought the business from his personal representatives and continued it. Thereafter, the widow and sons of the deceased formed a corporation and opened the "McBroom Shoe Shop," using upon letterheads, in advertising matter and upon banners and signs on its place of business, the name "McBroom Shoe Shop" in script, with a heavy stroke underneath, on which appeared, as if cut out, "We fix 'em quicker."

And in applying this test, viz., the likelihood of deception of an ordinary person exercising ordinary care, as was justly observed by Lacombe, J., "regard must be had to the class of persons who purchase the particular article for consumption, and to the circumstances ordinarily attending their purchase" (*N. K. Fairbank Co. v. R. W. Bell Mfg. Co.*, 77 Fed. 869, 871, 28 C. C. A. 554, 556). Nor is "a nice discrimination to be expected from the ordinary purchaser" (*Internat. Silver Co. v. Rogers' Corp.*, 67 N. J. Eq. 646, 60 Atl. 187, 110 Am. St. Rep. 506, 510, 8 Ann. Cas. 804).

Of course, the mere existence of differences which are patent to the observant and well informed does not necessarily amount to a sufficient differentiation, and similarity in the main distinguishing features will usually be sufficient to constitute infringement or unfair competition (*Boardman v. Meriden Britannia Co.*, 85 Conn. 402, 95 Am. Dec. 270; *Pratt's Appeal*, 117 Pa. 401, 11 Atl. 878, 2 Am. St. Rep. 676; *Saslehner v. Eisner, etc., Co.*, 179 U. S. 19, 21 Sup. Ct. 7, 45 L. Ed. 60; 88 Cyc. 790b).

Applying these principles to the case before us, we cannot avoid the *prima facie* conclusion that respondent's device for advertising its business and soliciting the patronage of the public was studiously designed to imitate the salient features of the

device previously used by the Boston Shoe Shop; and that the imitation is of such form, appearance, and character as may readily deceive the average patron of complainant's establishment, and thus divert some of its patronage by what must be regarded as unfair competition.

Our conclusion is fully sustained and vindicated by the consensus of judicial opinion as illustrated by a great number of analogous cases: *Kyle v. Perfection Mattress Co.*, 127 Ala. 89, 28 South. 545, 50 L. R. A. 628, 85 Am. St. Rep. 78; *Weinstock v. Marks*, 109 Cal. 529, 42 Pac. 142, 80 L. R. A. 182, 50 Am. St. Rep. 57; *G. G. Fox Co. v. Glynn*, 191 Mass. 844, 78 N. E. 89, 9 L. R. A. (N. S.) 1096, 114 Am. St. Rep. 619; *Vulcan v. Myers*, 189 N. Y. 864, 84 N. E. 904; *Lawrence Co. v. Tennessee Co.*, 138 U. S. 549, 11 Sup. Ct. 896, 34 L. Ed. 997; *McLean v. Fleming*, 96 U. S. 245, 24 L. Ed. 828; *Northwestern Consol. Co. v. Callam* (C. C.) 177 Fed. 786; *Mellwood Distilling Co. v. Harper* (C. C.) 167 Fed. 389; *Hansen v. Siegel Cooper Co.* (C. C.) 106 Fed. 691; *Centaur Co. v. Killenberger* (C. C.) 87 Fed. 725; *Fairbank Co. v. Bell Co.*, 77 Fed. 869, 23 C. C. A. 554; *Enoch Morgan's Sons v. Ward*, 152 Fed. 690, 81 C. C. A. 616, 12 L. R. A. (N. S.) 729; *Same v. Whittier Coburn Co.* (C. C.) 118 Fed. 657; 88 Cyc. 780, note 81. See, also, Mr. Freeman's note in 85 Am. St. Rep. 83-125, on trade-mark cases.

An inspection of the infringed and infringing devices exhibited by the bill of complaint will illustrate the obnoxious character of the imitation complained of, far better than mere verbal description can do. Doubtless the learned trial judge was misled by the obvious difference in the names "Boston Shoe Shop" and "Mc-Broom Shoe Shop." Such a difference might, indeed, be sufficient to avoid the conclusion of unfairness, but for the fact that the business of the Boston Shoe Shop, as well as its peculiar advertising device, had for many years been associated with the name of its founder, R. A. McBroom, and hence the advertisement of a "Mc-Broom Shoe Shop," by the same peculiar device, would bear upon its face a powerful and persuasive suggestion that the original shoe shop was now doing business under the new name—a suggestion by no means weakened by the seductive addition of a single syllable to the slogan, "We fix 'em quick." As said by Tyson, J.,

in *Kyle v. Perfection Mattress Co.*, 127 Ala. 89, 51, 28 South. 545, 547 (50 L. R. A. 628, 85 Am. St. Rep. 78):

"When there is a marked similarity in the labels, signs, literature, and devices for attracting custom, but little weight is attached to precautionary differences or denials of a purpose to deceive the public."

The bill does not charge in terms that the imitation of complainant's device was designed or fraudulent. But while design is significant, and may be in many cases of controlling importance, neither design nor actual fraud in such an imitation is a necessary element of the right to relief (*C. S. Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462, 89 N. E. 490, 27 L. R. A. 42, 48 Am. St. Rep. 769; *Koebel v. Chicago, etc., Bureau*, 210 Ill. 176, 71 N. E. 862, 102 Am. St. Rep. 154; *Nesne v. Sumdet*, 98 Minn. 299, 101 N. W. 490, 106 Am. St. Rep. 489, 8 Ann. Cas. 80; *Wirtz v. Eagle Bottling Co.*, 50 N. J. Eq. 164, 24 Atl. 658; 38 Cyc. 784, 785, and cases cited in notes 87 and 88).

Nor is it necessary to show, in a bill for injunction merely, that any persons have been actually deceived (38 Cyc. 778, and cases cited).

It results that there is equity in the bill, and the general demurrer was erroneously sustained. Let the decree of the lower court be reversed, and a decree be here rendered overruling the demurrer to the bill of complaint.

Reversed, rendered, and remanded.

ANDERSON, C. J., and MAYFIELD and THOMAS, JJ., concur.

THOMAS F. SPRIGGS v. LEWIS R. FISHER, *et al.*

Circuit Court of Baltimore City, Maryland

June 10, 1916

1. UNFAIR COMPETITION—DRESSING OF GOODS.

While there can be no monopoly in the form, color or size of package, if the dress and appearance of goods are deliberately made so like those of other goods as to deceive the consumer and deprive the manufacturer of the latter goods of sales which he would have otherwise made, the wrong of unfair competition is established.

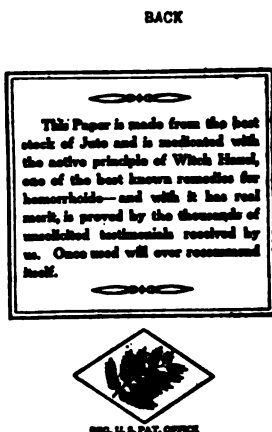
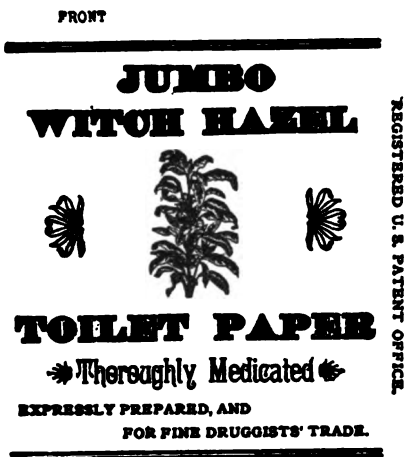
In Equity. On demurrer to bill of complaint. Overruled.

Arthur P. Greeley and Tolson & Tolson for plaintiff.

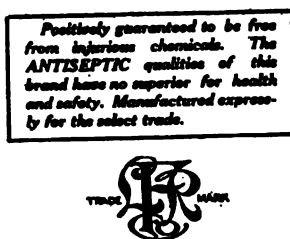
Venable, Baetjer & Howard for defendant.

[This case is of special interest, because it is purely one of unfair competition in the dressing of goods and because of the absence of any identical feature in the labels of the two companies, the resemblance being purely one of general arrangement. Annexed is a cut of the labels herein.]

COMPLAINANT'S LABEL



DEFENDANT'S LABEL



DAWKINS, J.: The plaintiff alleges infringement of a registered trade-mark used in the manufacture of a certain toilet paper,

and further charges that the defendant by such infringement is practicing unfair competition. To the bill the defendant has demurred. The reasons for the demurrer are that no cause of action has been made out and that there has been no ground shown for an injunction. The defendant also alleges that if any wrong has been committed there is an ample remedy at law.

Even though no case of infringement is disclosed by the bill and exhibits, yet if any unfair competition can be shown, no matter in what form it appears, the Court should protect the wronged party. If such unfair competition can be shown to exist, a court of equity has jurisdiction to enjoin the same.

It would not seem proper for the Court to depend upon its own eyesight as suggested at the argument to determine the question of competition before hearing the facts. If the statements of the bill be true, and they are assumed to be true for this purpose, a case may be made out, though an examination of the exhibits would not seem to indicate it.

Whilst there should be no monopoly in form, color or size of the package, yet, if these can be shown to have been assembled in such a guise as to intentionally fool the public or the consumer, then the plaintiff should be entitled to the relief he seeks. The dress and appearance of the goods if deliberately made like those of another or similar thereto and put on the market to deceive the customer, may produce unfair competition. If the defendant, by deceiving his customers and depriving the plaintiff of sales which he would otherwise have made uses the methods alleged in the bill, the defendant would be guilty of unfair competition. If one enters the trade of another and by dressing up his goods in such a way as to cause any confusion between his goods and those of another, he has violated the law of proper trading (*Bagby v. Rivers*, 87 Md. 400; *Parlett v. Gugenheim*, 67 Md. 542, 38 Cyc.).

Any artifice, device or peculiar arrangement which tends to increase the probability of deception and which is not necessary for any proper purpose, should be enjoined.

"It is sufficient that the resemblance is such that it is calculated to deceive the ordinary purchaser under the conditions prevailing in the particular traffic to which the matter relates" (*Luyties Bros. v. Zimmerman & Co.*, 138 N. Y. Sup. 997).

The imitation need not be in all respects, but the question is whether or not the imitation is of such a character as that the purchaser may be imposed upon by it (*Shaw Stocking Co. v. Mack*, 12 Fed. Rep. 707; *National Biscuit Co. v. Pacific Coast Biscuit Co.*, N. J. Chancery Court, June 6, 1914 [Reporter, vol. 4, p. 356]; *Holeproof Hosiery Co. v. Wallach Bros.*, 190 Fed. Rep. 606) [Reporter, vol. 2, p. 16].

The plaintiff's remedy, if he proves the allegation of his bill, and is entitled to relief, is clearly in equity. It would seem on the face of the bill, a case is made out, the demurrer will, therefore, be overruled.

INNOVATION INGENUITIES, INC. v. NEW YORK TIMES COMPANY
(217 N. Y., 53)

New York Court of Appeals

February 22, 1916

UNFAIR COMPETITION—PUBLICATION OF MISLEADING ADVERTISEMENT.

The proprietor of a newspaper which publishes an advertisement illustrating one article, but advertising and offering for sale another and different article, is not liable in damages, unless special damages be shown in the loss of specific customers, who were led to purchase the goods of another, believing, by reason of the use of the illustration, that they were the plaintiff's.

Appeal from a judgment of the appellate division of the supreme court in the first judicial department, March 10, 1914, affirming, without opinion, a judgment in favor of defendant, entered upon an order of special term, granting a motion by defendant for judgment in its favor upon the pleadings.

Adam K. Stricker for appellant.

Harold Nathan and *Alfred A. Cook* for respondent.

The opinion of Mr. Justice Greenbaum, at special term, was as follows:

Asserting the insufficiency of the complaint, the defendant moves for judgment upon the pleadings, and in the event of the court's denial of the motion, then in the alternative for a bill of particulars of the items of damage alleged in the complaint. The complaint alleges the careless, willful and intentional insertion in defendant's newspaper of a cut or picture illustrative of plaintiff's patented innovation trunk in connection with the publication of an advertisement on behalf of one of the large department stores advertising a special sale of trunks at reduced prices, considerably lower than the established prices of plaintiff's trunks, whereby the public was deceived and induced to believe that the trunks thus advertised were

those of plaintiff, thus depriving the plaintiff of the profits that it otherwise would have made upon the trunks sold by the department store in question. Plaintiff also alleges that its trunks were sold only to certain department stores upon fixed prices, and that it sustained further damages in that the false publication of the picture or cut led the public and its customers to believe that the price of its trunks had been reduced, and that a large number of persons will refuse to purchase them at the prices firmly fixed and established by it. It is alleged that the descriptive matter underneath the cut was applicable to plaintiff's trunk, nor that there was any semblance in name between the trunk advertised and the plaintiff's trunks. It is evident that the damages complained of are predicated upon the theory of an injury resulting from the alleged misconduct of the defendant in respect to the property rights of the plaintiff in the patented trunk, and the action is akin to one for slander of a property right or title. Thus tested, no claim for general damages exists against defendant, and unless special damages are alleged no cause of action is stated (*Marlin Fire Arms Co. v. Shields*, 171 N. Y., 384, 390, *et seq.*, and the following cases therein cited: *Tobias v. Harland*, 4 Wend., 537; *La Massema v. Storm*, 62 App. Div., 150; *Kennedy v. Press Pub. Co.*, 41 Hun, 492; *Dooling v. Budget Pub. Co.*, 144 Mass., 258; *Reporters' Ass'n v. Sun Printing & Pub. Co.*, 186 N. Y., 437, 442). It follows, therefore, that the allegations of general damages are unwarranted and unnecessary, and it only remains to determine whether the allegations of special damages are sufficient. The essential element of special damages in this case is the loss of customers, and it has been uniformly held that "the persons who ceased to be the customers or who refused to purchase must be named, and that if they are not named no cause of action is stated" (*Linden v. Graham*, 1 Duer, 670, which is cited with approval in the recent case of *Reporters' Ass'n v. Sun Printing & Pub. Co.*, *supra*, at page 492). The wisdom of the rule is well exemplified in this case, where the plaintiff in the affidavit in opposition to the motion for the bill of particulars constituting its alleged claim for special damages, although in its complaint it has alleged such damages upon information and belief. It therefore follows that no cause of action is stated and the motion for dismissal of the complaint must be granted, with costs.

Judgment affirmed, with costs; no opinion.

CONCUR: WILLARD BARTLETT, Ch. J., HISCOCK, CHASE,
COLLIN, HOGAN, CARDOZO and SEABURY, JJ.

DECISIONS OF THE COMMISSIONER OF PATENTS

What May be a Trade-Mark

Appeal from a decision of the examiner of trade-marks, refusing to register a trade-mark for doors, consisting of "a strip of contrasting color affixed to the edge of the door" and which applicant states "is applied or affixed to the door by inserting a relatively thin strip in the edge thereof or otherwise supplying the door with a thin strip of contrasting color."

The examiner's refusal is based first on the failure of the

applicant to properly describe the mark and secondly upon the inherent nature of the mark. The reasons for these objections overlap, but as to the first objection, it is noted that applicant limits himself to a mark of "contrasting color," only when compared to the color of the door. Applicant contends that this mark is used only on doors of superior construction, that on said doors it would be impracticable to attach the ordinary plate or label, since architects will not allow signs or advertisements on doors of this character, and it would furthermore be impracticable to affix a plate or label on the edge of the door since the edge of most doors must be planed off accurately to fit the door opening. Applicant therefore has inserted this strip on the edge of the door, which when the door is opened or partially closed, is hidden from view, and therefore is not objectionable to fastidious people.

Moreover, it allows planing of the edge without obliterating the mark. He asserts that the mark has neither a useful nor ornamental function, except to indicate origin and because of the peculiar circumstances, a trade-mark could ordinarily only be affixed to his door in some such way as he has adopted. Also as his doors are made only of the handsomest woods, which vary in color from dark teakwood to light maple, the strip constituting the mark to be contrasting would have to vary from light to dark.

Under these circumstances, it is held that applicant's strip, assuming it has no useful function other than that of indicating origin or ownership, might be a legal trade-mark.

One of the leading decisions on marks of this character is that of *A. Leschens Sons Rope Co. v. Broderick & Bascom Rope Co.* (201 U. S. 166). While the registration considered in that case was held to be invalid, it was on the ground that the mark was too broadly defined, mainly because complainant had not limited his mark to any particular color or design, the court observing that a mark which may be infringed by a streak of any color, however applied is manifestly too broad.

Following this decision, it is held that applicant should be required to limit himself to one certain definite color, and since the design shown in the exhibit at the hearing was a light pine wood color, it is held that if applicant will change the word "contrasting" in his statement to "light" and cancel from the state-

ment the words, "or otherwise supplying the door with a thin strip of contrasting color," his statement will be sufficiently definite to come within the terms of the Supreme Court decision.

Secondly as to the inherent nature of applicant's mark precluding it from registration, it is not apparent why, if a differently colored strand in a wire rope constituted a valid trade-mark, applicant's light colored insert in the edge of his door cannot be an equally good mark, especially in view of the difficulty of attaching the ordinary trade-mark to applicant's goods. If applicant will limit his mark, as above indicated, it should be registered.¹

NEWTON, A. C.—Application to register "Vera von Wissen" for newspaper sections. The specimens indicate that the words are the *nom de plume* of the authoress of the articles printed therein.

Since applicant has submitted an affidavit that the words are neither the name of an individual nor the *nom de plume* of the authoress, his statement may be accepted and the words registered.²

Descriptive Terms

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register "Nonpareil" as a trade-mark for tiles and tiling. Registration of the word has been refused twice before (*Ex parte, Williams*, 66 Ms. Dec., 201; *Ex parte, Lukenheimer*, Reporter, vol. 5, p. 372). The mark has been in use for twenty years and may be no longer descriptive. Applicant may have a good common law mark, but there is no provision for its registration.³

NEWTON, A. C.—"Peau de Soie" ("Silk Skin") for typewriter ribbons is either deceptive or descriptive, hence not registrable.⁴

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register the word "Orange" and a picture of two oranges and foliage, as a trade-mark for tooth paste, powder and mouth wash, because descriptive, indicating that the products

¹ *Ex parte, David Charles Meehan*, 119 Ms. Dec., 494, June 13, 1916.

² *Ex parte, German Journal Corporation*, 119 Ms. Dec., 134, March 14, 1916.

³ *Ex parte, Armstrong Cork Company*, 119 Ms. Dec. 192, March 10, 1916.

⁴ *Ex parte, George E. Pelton*, 119 Ms. Dec., 135, March 14, 1916.

are flavored with orange (*Wrigley v. Grove*, 188 Fed. Rep. 99). Affirmed.¹

NEWTON, A. C.—Appeal from the refusal of the examiner of trade-marks to register “Faultless Brand” as a trade-mark for canned fruits and vegetables, because descriptive.

Although applicant has used these words quite extensively for a great many years, it would be against the trend of the decisions to register it under the present trade-mark statute, unless under the ten year proviso thereof, which applicant is not in a position to invoke. The decision of the examiner of trade-marks is affirmed.²

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register “Wet Weather shells” as a trade-mark for paper shot shells, applicant having disclaimed the exclusive use of the word “shells” except in connection with the other words.

The ground of refusal has been that “wet weather” is descriptive of the shells since it indicates that, because of the way in which the shells are constructed or loaded, they will resist dampness and are, therefore, adapted for use in wet weather.

The words are plainly descriptive. A “wet weather” tent or “wet weather” shoe would be understood as peculiarly adapted for use in wet weather and any maker of shells adapted for such use has the right to so denominate them.

The words are as descriptive as “Evergreen” for canned fruits and vegetables; “Spearment” for chewing gum; “Nextobeer” for malt beverages; “Aluminum” for washboards (*American Washboard Co. v. Sagamore Mfg. Co.*, 108 Fed. Rep. 281, etc.); all of which have been held too descriptive to constitute a mark. The decision of the examiner of trade-marks is proper.³

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks refusing to register the word “Nevrsrink” the top of the letter “s” extending over the letters “Rink” and under the letters “Evr,” with other modifications, on the ground that

¹ Ex parte, Dental & Toilet Products Corporation, 119 Ms. Dec., 163, March 17, 1916.

² Ex parte, Edgett-Burnham Company, 119 Ms. Dec., 407, May 18, 1916.

³ Ex parte, M. Hartley Dodge, 119 Ms. Dec., 431, May 31, 1916.

the words are descriptive and not distinctively displayed. It is believed that the decision of the examiner is correct.¹

NEWTON, A. C.—Application to register the representation of a boy and the words "Little Work" for a washing compound. The examiner required a disclaimer, in view of the fact that the words are descriptive. Since there is no statute for disclaimers, applicant should be excused from making such disclaimer, unless the words are clearly descriptive or objectionable, which is not the case here. It has been held that the words "Anti Washboard" are not descriptive of soap (*O'Rourke v. Central City Soap Company*, 26 Fed. Rep. 576). The decision of the examiner of interferences is reversed.²

NEWTON, A. C.—The word "Waycleanse" is only suggestive and not descriptive of a street sweeper (*Ex parte, Sherwin Williams Co.*, 181 O. G. 267; *Florence v. Dowd*, 171 Fed. Rep. 122).

It cannot be stated that a sweeper may be used to "Waycleanse" or that "Waycleanse" would result from the use of the sweeper (*Ex parte, Boyce Wheeler & Boyce*, 4 Trade-Mark Rep. 86).³

NEWTON, A. C.—"Tungs-tone" is a coined word and is not too close to "tungsten," of which styli or needle are made, and should be allowed. The word is suggestive, but not more so than many which are registered.⁴

NEWTON, A. C.—"Wear-right," for gloves, is doubtless open to criticism, but seems to have attained the status of a trade-mark as applied by applicants to its goods. Allowed.⁵

NEWTON, A. C.—"Cent-a-Lax" for laxative pills or tablets, known as "The Penny Laxative" is not descriptive, though boxes of twenty-five tablets are sold for twenty-five cents.⁶

NEWTON, A. C.—Application granted to register, as a trade-

¹ *Ex parte, Silverstein Brothers*, 119 Ms. Dec., 452, June 5, 1916.

² *Ex parte, Fred Molt*, 119 Ms. Dec., 81, February 26, 1916.

³ *Ex parte, The Way-Cleanse Company*, 119 Ms. Dec., 110, March 8, 1916.

⁴ *Ex parte, Victor Talking Machine Co.*, 119 Ms. Dec., 128, March 13, 1916.

⁵ *Ex parte, Wimbacher & Rice*, 119 Ms. Dec., 240, April 7, 1916.

⁶ *Ex parte, John C. Sharer*, 119 Ms. Dec., 274, April 18, 1916.

mark for horse collars and harness, the word "Fitzall" written with a red border enclosing the letter "Z" which extends about one-half the length of the diagonal on the rectangular border, the word "Fit" appearing in one corner of the "Z" and in the other corner the word "all."

Section 4 of the Trade-Mark Act prohibits registration only when the mark consists *merely* in words or devices which are descriptive.¹

NEWTON, A. C.—"Roach Butter" and the picture of a goat, butting a roach, as a trade-mark for insecticides, is not descriptive. The pictorial part is sufficiently prominent and suggestive to divert the meaning of "Butter" from the edible kind to the well known propensity of the goat family.²

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register the words "Rat Rid," over the picture of a rat, as a trade-mark for an exterminator for rats and other rodents. The ground of refusal is that "Rat Rid" is a substantial equivalent of "rat exterminator" and the picture of a rat is incapable of exclusive appropriation for goods of this character.

The words "Rat Rid" are, to say the least, an unusual way of expressing the idea of a rat exterminator, and this taken in connection with the representation of a rat is thought to be sufficient to authorize registration of this mark, especially in view of the registration to the Oneida Community of the word "End-O-Rats" for rat traps and the last preceding decision, allowing the word "Roach-butter" in connection with the picture of a goat butting a roach, for an insecticide.³

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register the word "Add-a-pearl" as a trade-mark for necklaces. The ground of objection was that necklaces are now placed on the market, so constructed as to admit of the addition of gems or other elements, upon anniversaries.

While "Add-a-pearl" may be suggestive, it is not so descrip-

¹ Ex parte, Horace A. Fay, 119 Ms. Dec., 278, April 18, 1916.

² Ex parte, Krehbiel-Metsler Roach Butter Co., 119 Ms. Dec., 315, April 26, 1916.

³ Ex parte, American Sanitary Corporation, 119 Ms. Dec., 389, May 12, 1916.

tive as to be fatally objectionable and the decision of the examiner of trade-marks is reversed.¹

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks refusing to register "R-Best" as a trade-mark for wheat flour on the ground that it is a substantial equivalent of "our best," which words are clearly descriptive when applied to flour.

"R-Best" is not pronounced exactly like "our best" and in view of the decisions (*Ex parte, John T. Gibbon*, 111 Ms. Dec. 394), (4 T. M. Rep. 127), allowing "Besto"; (*Ex parte, Texas Gum Co.*, Reporter, vol. 5, p. 205) "Mello-Mint" for chewing gum; (*Ex parte, Hammond, Standish & Co.*, Reporter, vol. 5, p. 205) and "Bestevr," it is held that the mark should be registered.²

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks, refusing to register, as descriptive, the words "canned heat" as a trade-mark for a mixture of alcohol and certain semi-solids, which when mixed, assumes a semi-solid condition and is kept in cans. When used, the tops of the cans are removed and the alcohol, vaporizing, burns directly from the can.

Applicant's goods are commonly known to dealers and users as solid alcohol. It appears that it is the first to use "canned heat" on these goods.

The examiner refers to "canned music" as having been applied to apparatus used in the mechanical production of music, but I am not so sure that this would not have been a good trade-mark for the person who first applied it to a mechanical piano record or a phonograph record.

It appears to me after careful consideration that the words are sufficiently arbitrary to be registered.³

¹ *Ex parte, Juergens & Andersen Co.*, 119 Ms. Dec., 394, May 12, 1916.

² *Ex parte, Israel J. Rohrbaugh*, 119 Ms. Dec., 404, May 17, 1916.

³ *Ex parte, S. Sternau & Co.*, 119 Ms. Dec., 430, May 31, 1916.

CARROLL V. DULUTH SUPERIOR MILLING CO.

(232 Fed. Rep., 675)

*United States Circuit Court of Appeals**Eighth Circuit, March 25, 1916.*

1. TRADE-NAME—ASSIGNMENT.

A trade-mark or name cannot be assigned except in connection with the assignment of the particular business in which it has been used, with its good-will, and for continued use upon the same articles or class of articles. An attempted assignment of a naked trade-mark, disconnected with any business or good-will, is void.

2. TRADE-NAME—ASSIGNMENT—VALIDITY.

An oral agreement, made upon the execution of a mortgage, that the trade-mark and good-will of the business should pass to the mortgagee, carries no title, when the mortgage was never foreclosed and the business was discontinued.

3. UNFAIR COMPETITION.

There can be no unfair competition where there is no competition in fact; and where the territory occupied by one party does not encroach upon that occupied by another, no cause of action exists.

Appeal from a decree of the United States District Court for the District of Minnesota in favor of defendant. Affirmed.

John M. Coit, of Washington, D. C., for appellants.

Hjalmar H. Boyesen, of New York City (*Sullivan & Cromwell*, of New York City, *Crassweller*, *Crassweller & Blue*, of Duluth, Minn., and *Ralph L. Collett* and *R. Bernard Crispell*, both of New York City, on the brief), for appellee.

Before SANBORN and CARLAND, Circuit Judges, and TRIEBER, District Judge.

CARLAND, Circuit Judge: Appellants brought this action to restrain appellee from unlawful competition in business and for damages. The alleged unlawful competition is the use by appellee in the manufacture and sale of flour of a trade-mark known as "Freeman's Superlative," of which appellants claim to be the owners. Appellee admits the use of the trade-mark, but alleges that it is the owner thereof. The question to be decided, therefore, is one of title. The trial court dismissed appellants' bill.

The facts which must determine the question involved are substantially as follows:

In 1876 a copartnership composed of A. A. Freeman and his brother, Marcus L. Freeman, acquired a flouring mill in La Crosse, Wis., and entered upon a general flour milling business. A. A. Freeman was the active partner in charge and the originator of "A. A. Freeman & Co., Superlative" trade-mark. Marcus L. Freeman was inactive, and engaged in the furniture business on his own account in New York City. A. A. Freeman was also a member of the firm of Charles Haight & Co., flouring merchants of the same place, the members of the firm being Charles Haight, A. A. Freeman, A. Irving Freeman, and Henry Koper. This firm was a large purchaser of flour from A. A. Freeman & Co. for about 10 years subsequent to 1876. The firm of Charles Haight & Co. during this time had advanced to the firm of A. A. Freeman & Co. the sum of \$196,840. On November 5, 1878, the firm of A. A. Freeman & Co. registered the "A. A. Freeman & Co., Superlative" trade-mark as a label in the Patent Office. There is no question but that up to October 7, 1885, the trade-mark was the property of A. A. Freeman & Co. On that date, however, A. A. Freeman, his wife, and Marcus L. Freeman, executed and delivered to Charles Haight, Henry Koper, and A. Irving Freeman a mortgage embracing the land upon which the mill at La Crosse stood, "together with the flouring mills, elevators, buildings, engine and boiler houses, with all the machinery, fixtures, and appurtenances, and everything in said premises situate, belonging, and appertaining to said mills." This mortgage was given to secure the payment of said sum of \$196,840 on or before September 1, 1890. The amount secured by the mortgage was not paid. In June 1891, the firms of A. A. Freeman & Co. and Charles Haight & Co. failed. It does not appear from the record just what legal form these failures assumed. It does appear, however, that the mortgage was assigned by Charles Haight & Co. to the Phoenix National Bank of New York City, to secure the bank for the indebtedness owing to it by said firm. The mortgage was not recorded until after it was past due, namely, June 4, 1891, and the assignment to the bank was not recorded until February 15, 1892.

Shortly before the failure of A. A. Freeman & Co. and Charles Haight & Co. the mill of A. A. Freeman & Co., at La Crosse, was wholly destroyed by fire. The bank foreclosed the mortgage, and title to the land on which the mill stood was conveyed to the city of La Crosse. It is not claimed by appellants that any right or title to the trade-mark in question passed from A. A. Freeman & Co. to Charles Haight & Co., by virtue of the terms of the mortgage. It is claimed, however, that at the time the mortgage was executed there was a contemporaneous oral understanding and agreement between A. A. Freeman and Charles Haight & Co. that the trade-mark should pass to Charles Haight & Co., together with the goodwill of A. A. Freeman & Co. Marcus L. Freeman testifies to this fact, and he is corroborated by the testimony of Henry Koper, deceased, given in the proceeding in the United States Patent Office to cancel trade-mark No. 66,288, filed by the Duluth Superior Milling Company. Henry Koper died in 1910, A. Irving Freeman in 1886, Charles Haight in 1891, and A. A. Freeman in March, 1909.

After the execution and delivery of the mortgage Charles Haight & Co. kept a representative at La Crosse to look after their interests. Henry Koper ordered the flour that was shipped to Haight & Co., and the flour was sold by Haight & Co. under the "Freeman Superlative" brand. In June, 1891, when the firms of Charles Haight & Co. and A. A. Freeman & Co. failed, Henry Koper, assuming to be the surviving member of the firm of Charles Haight & Co., connected himself with the firm of Grinnell, Minturn & Co., merchants and exporters in New York City, and became manager of their flour department, and sold flour under the brand in question. M. L. Freeman continued his furniture business in New York City, while A. A. Freeman endeavored to enlist capital for the building of another mill. The testimony on the part of appellants shows that when Koper went with Grinnell, Minturn & Co., he arranged with the Consolidated Milling Company, of Minneapolis, Minn., to manufacture for him a high grade of flour, and thereafter he made his purchases of this flour from the Consolidated Milling Company, to whom he sent his stencil or brand "Freeman's Superlative," and on Mr. Koper's instructions the Consolidated Milling Company branded the flour "Freeman's Superlative" and shipped the same to Mr. Koper or

his customers, as he instructed them to do. This arrangement lasted for a few months, when Mr. Koper arranged with Mr. A. Ruyter and Mr. H. Wehmann, both of whom composed the firm of H. Wehmann & Co., to act as his broker in Minneapolis for the purchase of flour. Thereafter H. Wehmann & Co. bought large quantities of flour from the Minneapolis Flouring Mills Company for account of Mr. Koper, and he sent to that mill his stencil "Freeman's Superlative." On his instructions they branded the flour and shipped it to Henry Koper or his customers as Henry Koper directed them to do. About 1892 there was a new mill erected at West Superior, Wis., and Mr. A. A. Freeman, of the former firm of A. A. Freeman & Co., of La Crosse, Wis., having secured the position of manager of that mill, the mill was called the Freeman Milling Company.

About this time Koper induced the firm of Grinnell, Minturn & Co. to become heavy stockholders in the Freeman Milling Company, and for that reason he transferred his brands and trade-mark from the mills in Minneapolis to the Freeman Milling Company at West Superior. Among these brands which he transferred to them was this brand "Freeman's Superlative," and thereafter the Freeman Milling Company branded the flour "Freeman's Superlative," and shipped it to Mr. Koper and his customers as they were directed by Mr. Koper. Koper continued to favor this mill with his trade from the fall of 1892, or early in 1893, until 1899, when the Freeman Milling Company became a part of what was at that time known as the United States Flour Milling Company. Koper continued to trade with the United States Flour Milling Company, as he had with the Freeman Milling Company. About a year later the United States Flour Milling Company went into the hands of a receiver, and was later reorganized as the Standard Milling Company, and the different mills at West Superior and Duluth were grouped together as a subsidiary company, and known as the Duluth Superior Milling Company, the appellee in this case.

Koper continued to make his purchases from the Duluth Superior Milling Company, and it branded the flour on his instructions with his brand "Freeman's Superlative," and shipped the same as directed by Mr. Koper. On December 31, 1902, the

firm of Grinnell, Minturn & Co. retired from business, and on the 1st of January, 1903, the firm of Henry Koper & Co. was formed, consisting of Henry Koper, Peter F. Carroll, and Edwin R. Freeman. This firm continued the flour business of Grinnell, Minturn & Co. and purchased their flour of the Duluth Superior Milling Company, who, on instructions from Henry Koper & Co. branded their different purchases with their "Freeman's Superlative" brand, and shipped the same to Henry Koper & Co. or their customers as directed by Koper & Co. and were so doing at the time the testimony in this case was taken. After the death of Koper in 1910, appellants continued the business as Henry Koper & Co.

The parties to this action agree as to the ownership of the brand "Freeman's Superlative" up to the time the mortgage was given by A. A. Freeman & Co. to Charles Haight & Co. Appellee traces its title to the trade-mark in question by evidence which shows that after the burning of the mill of A. A. Freeman & Co. at La Crosse, Wis., in 1890, A. A. Freeman sought capital with which to build another mill. The residents of the city of West Superior, Wis., were anxious to establish industries at that point, and one Edgar A. LeClair, with certain associates, joined with A. A. Freeman in forming a corporation for the purpose of erecting and operating a flour mill in said city of West Superior. In June, 1891, the Freeman Milling Company was incorporated under the laws of the state of Wisconsin, and in June, 1892, the mill commenced producing flour. A. A. Freeman, who had co-operated in the organization of the corporation which bore his name, became general manager of the mill.

Grinnell, Minturn & Co., who had been induced by Koper to subscribe to \$25,000 par value of the capital stock of the corporation immediately became large buyers of flour from the Freeman Milling Company, branded "A. A. Freeman Company, Superlative," being later changed to "Freeman Milling Company, Superlative," and continued to buy such flour from the Freeman Milling Company and its successors until the firm went out of business on December 31, 1902. About the time of the organization of the Freeman Milling Company, the trade-marks which had been in use in the mill of A. A. Freeman & Co. at La Crosse, Wis.,

together with the good-will of the business in connection with which they had been used, were assigned by A. A. Freeman, through one C. E. Billquist, who seems to have been a member of Grinnell, Minturn & Co., to the Freeman Milling Company; the roundabout transfer having been made on advice of counsel in order to avoid the possibility of litigation with Freeman's creditors. Billquist was also a director in the Freeman Milling Company. Fifteen thousand dollars par value of the stock of the Freeman Milling Company was assigned and delivered to A. A. Freeman's nominee, in consideration of the assignment of the trade-marks and good-will.

Without stating in detail the particular transactions, it may be said that whatever title the Freeman Milling Company obtained to the trade-mark in question was transferred and became vested in the appellee, the Duluth Superior Milling Company. It appears without dispute from the evidence that the territory in which Henry Koper & Co. sells "Freeman's Superlative" flour, is the metropolitan district of New York, New Jersey, Philadelphia, Baltimore, Washington, and up the Hudson to Albany, and there is no evidence that appellee ever sold any flour under the brand "Freeman's Superlative" in that territory. The claim of the appellee is that it owns the brand "Freeman's Superlative," and that Henry Koper & Co. and the firms to which it has shipped flour were its agents in selling flour on commission.

On October 29, 1906, the Duluth Superior Milling Company, appellee, filed for registration the trade-mark in question in the United States Patent Office, and the same was duly registered November 19, 1907. On August 20, 1909, Henry Koper filed with the Commissioner of Patents an application to cancel the same. Issue was joined upon the petition for cancellation, and subsequently the examiner of interferences on August 20, 1910, rendered a decision sustaining the same. The Duluth Superior Milling Company appealed from this decision to the Commissioner of Patents, who on December 6, 1910, affirmed the decision of the examiner. The Duluth Superior Milling Company then appealed to the Court of Appeals of the District of Columbia. The Court of Appeals affirmed the decision of the examiner and commissioner upon the following ground:

"No good purpose would be subserved by a review of the evidence, and we therefore content ourselves with the finding that appellant was not under the evidence in this case the sole and exclusive user during the ten years necessary to entitle it to such registration, of the mark whose registration it procured." [*Duluth Superior Milling Co. v. Koper*, Reporter, vol. 1, p. 195 (197).]

The application to register the trade-mark was made under the fourth proviso of section 5 of the Trade-Mark Act of February 20, 1905 (33 Stat. 725, c. 592 [Comp. St. 1913, §9490]); said application showing the exclusive use of the trade-mark by the Duluth Superior Milling Company for the 10 years next preceding the date of said act. We do not think the decision of the Court of Appeals on the application to cancel the trade-mark is decisive of the question involved in the present proceeding. It appeared in the proceedings on that application that, during the 10 years prior to the date of the Trade-Mark Act of 1905, Henry Koper and other firms had used the same trade-mark; therefore the Duluth Superior Milling Company was not entitled to have it registered as its trade-mark under that act. The question of title does not seem to have been adjudicated.

We are now from the foregoing facts to determine whether or not the appellants are the owners of the trade-mark in question. The burden of proof is upon them. Assuming that there was an oral agreement at the time the mortgage was given in 1885 by A. A. Freeman & Co. to Charles Haight & Co. that the good-will and trade-marks which were used in connection with the business of A. A. Freeman & Co. in the manufacture and sale of flour at La Crosse, Wis., should pass to Charles Haight & Co., concerning which we have very grave doubts, what became of the trade-mark thereafter? Charles Haight & Co. did not purchase outright the business of A. A. Freeman & Co., and it is well known that a trade-mark or name cannot be assigned, except in connection with the assignment of the particular business in which it has been used, with its good-will, and for continued use upon the same articles or class of articles. An attempted assignment of a naked trade-mark, disconnected from any business or good-will, is void. *Crossman v. Griggs*, 186 Mass. 275, 71 N. E. 560; *Falk v. American West Indies Co.*, 180 N. Y. 445, 73 N. E. 239, 1 L. R. A. (N. S.) 704, 105 Am. St. Rep. 778, 2 Ann. Cas. 216; *Lea v. New Home Sewing Machine Co.* (C. C.) 139 Fed. 732; *Bulte v. Igleheart*, 137

Fed. 492, 70 C. C. A. 76. In Paul on Trade-Marks, par. 97, p. 162, it is said:

"Trade-marks may also be acquired by purchase or inheritance; but as a trade-mark cannot exist by itself, it follows that it can be acquired, other than by original appropriation, only as appurtenant to an established business, or the good-will thereof, and it can be held by the transferee, the same as by an original proprietor, only so long as its use is continued, upon or in connection with an article of the character or species to which it was originally attached."

Again, at paragraph 117, p. 228, it is further said:

"As a mere abstract right, having no reference to any particular person or property, a trade-mark cannot pass by assignment or descend to a man's legal representatives. The reason for this is that, as an abstract right, apart from the business in which it is used, a trade-mark has no existence."

We must assume that, if the good-will and trade-mark was transferred by oral agreement as alleged, it was transferred to Charles Haight & Co. in order that the mill might be operated in their interests for the purpose of recovering the amount of their debt against A. A. Freeman & Co.; in other words, that it was in aid of the mortgage. This state of the case would not give Charles Haight & Co. any authority, when the business itself of A. A. Freeman & Co. was destroyed in 1890, to appropriate the trade-mark of A. A. Freeman & Co.; but, assuming for the sake of argument there was such authority, we cannot see how, when Charles Haight & Co. failed, and left as surviving partners A. A. Freeman and Henry Koper, Koper, as against the claims of Freeman, could appropriate the trade-mark as his own. Charles Haight & Co. or Koper never foreclosed the mortgage. Koper was not a member of A. A. Freeman & Co., and all that may be said in favor of Koper being the owner of the trade-mark is that he used it in the sale of flour.

When A. A. Freeman & Co. were manufacturing flour he used it. When Charles Haight & Co. were operating the mill at La Crosse he used it. When he was in the employ of Grinnell, Minturn & Co., and when he was one of the members of the firm of Henry Koper & Co., he used it. But we cannot find from the evidence that Koper ever obtained a valid title to the trade-mark from A. A. Freeman & Co. or Charles Haight & Co. in view of the fact that he was not a member of the firm of A. A. Freeman & Co., and A. A. Freeman was a member of the firm of Charles

Haight & Co. We are of the opinion that appellants have not met the burden of proof which rests upon them as to their title to the trade-mark in question, and we have so much doubt about that title that we are of the opinion that no injunction should issue restraining appellee from its use. We are further convinced that we ought not to issue an injunction, for the reason that there is no evidence in the record whatever that the Duluth Superior Milling Company, appellee, ever competed in any way in the sale of flour bearing the trade-mark in question, in the territory in which appellants sell.

This is a case of unfair competition, and not for the infringement of a technical trade-mark, and, if there is no competition, there can be no unfair competition. *Borden Ice Cream Co. v. Borden Condensed Milk Co.*, 201 Fed. 510, 121 C. C. A. 200 [Reporter, vol. 3, p. 80]; *Corning Glass Works v. Corning Cut Glass Co.*, 197 N. Y. 173, 90 N. E. 449; *Apollo Bros. v. Perkins*, 207 Fed. 530, 125 C. C. A. 192 [Reporter, vol. 3, p. 439]; *Investor Publishing Co. v. Dobinson* (C. C.) 82 Fed. 56; *Forney v. Engineering News Publishing Co.*, 57 Hun. 588, 10 N. Y. Supp. 814; *Hanover Star Milling Co. v. Allen*, 208 Fed. 513, 125 C. C. A. 515 [Reporter, vol. 3, p. 521], affirmed by Supreme Court March 6, 1916 [Reporter, vol. 6, p. 149]; *Simplex Automobile Co. v. Kahnweiler*, 162 App. Div. 480, 147 N. Y. Supp. 617 [Reporter, vol. 4, p. 353]; *Astor v. West 82d Street Realty Company*, 167 App. Div. 273, 152 N. Y. Supp. 631 [Reporter, vol. 5, p. 182]; *Sartor v. Schaden*, 125 Iowa, 697, 101 N. W. 511.

The judgment of the trial court is affirmed.

MARSHALL FIELD & CO. v. GEORGE S. KELLEY CO.

(233 Fed. Rep., 265)

*United States Circuit Court of Appeals**First Circuit, April 28, 1916***UNFAIR COMPETITION—INJUNCTION.**

To justify an injunction which would operate as restraint in the mercantile field, the case must be unmistakably clear and beyond question.

Appeal from a decree of the United States district court for the district of Rhode Island, in favor of defendant. Affirmed.

George L. Wilkinson, of Chicago, Ill. (*James H. Thurston*, of Providence, R. I., on the brief), for appellant.

Alex P. Browne, of Boston, Mass. (*William S. Flynn* and *F. Webster Cook*, both of Providence, R. I., on the brief), for appellee.

Before PUTNAM, Circuit Judge, and ALDRICH and MORTON, District Judges.

ALDRICH, District Judge: The device with which this case is concerned is one which provides means for holding securely, in an attractive way, a ribbon bow when worn upon the hair of young girls or women. We view it as one having some measure of novelty in its application to a sort of passing fad, because it points out not only the mechanical means for holding a ribbon in place, but illustrates, in a way, the style or fashion of the day, including the kind of a bow which it will hold, and how it may be attractively placed upon the hair.

After considerable delay in the Patent Office proceedings, in which the inventor's claims were readjusted, simplified, and limited, the patent was issued upon a claim which expressly described a particular mechanical device.

The court below dealt with this case as not only one in which the ordinary and reasonable construction would limit the patentee's rights to the particular thing described, but as one in which the patentee himself had acted upon that idea.

While the patentee describes measurably ingenious means for holding a hair ribbon bow in place, such result is reached through

assembling well-known mechanical means, and while it is accomplished through a somewhat deft handling of such instrumentalities for the purpose of easy adornment, and while it may have been justifiable to sustain the patent with the limitations which confine it to the particular device described, we do not see in it such originality or general merit as would justify a liberal and broad construction to the end that the patent should cover other ingenious arrangements for that kind of personal adornment.

As we hold this view, it follows that the conclusions of the court below must be affirmed upon this phase of the case.

Now, as to unfair competition in trade: The ornamental device of which the plaintiffs complain does the work in substantially the same way as that of the one described in the patent, yet there are mechanical differences in the way the clasps are arranged, and there are differences in the bases of the two devices, which the casual purchaser would naturally discover. In the complainants' device there is a conspicuous slot in its base or body, which, it is said, performs the function of holding the ribbon in place, while in the alleged offending device there is no slot, but a solid base with three prominent and conspicuous stars thereon, which, it is said, perform the function of holding the ribbon in place.

It is quite true that the differences between the two things are slight, and if the object of the patent were something more substantial, the case might be made so strong as to justify judicial interference by way of restraint upon the ground of unfair competition. But in a case like this, when a plaintiff provisionally stands upon grounds independent of the scope of his patent, and goes to the proposition of unfair competition in trade, he prevails, if he prevails at all, under the general doctrines of equity, and where an injunction is sought which would operate as restraint in the mercantile field, it is a principle of equity, based upon considerations of caution, that to justify an injunction the case must be unmistakably clear and beyond question. That is a requirement of equity which we think the merits of the plaintiffs' case do not answer, and it results, therefore, that:

The decree of the District Court is affirmed, with costs of this court.

CHAMPION SPARK PLUG CO. v. MOSLER & CO.
CHAMPION SPARK PLUG CO. v. BENFORD MFG. CO.

(233 Fed. Rep., 112)

United States District Court

Southern District of New York, May 24, 1916

On Settlement of Decree, June 12, 1916

1. UNFAIR COMPETITION—EVIDENCE OF CONFUSION.

Where the acts of the defendant are likely to cause confusion between his goods and those of the plaintiff, evidence of successful deception is not necessary.

2. UNFAIR COMPETITION—MARKING OF CONTAINERS.

Where the circumstances are such that the cartons used by the plaintiff do not come into the hands of the consumer, differences between the cartons of the plaintiff and those of the defendant are immaterial. The important question is then that of confusion between the goods themselves.

3. UNFAIR COMPETITION—IMITATION OF GOODS.

Any manufacturer has a right to imitate the structural features of an appliance, the manufacture of which is open to him, but imitation of non-functional features, such as color or decorations, tending to cause confusion, should be enjoined.

4. UNFAIR COMPETITION—HONEST TRADE DIFFERENCES—COSTS.

In the case of honest trade differences, where the defendant has not intentionally trespassed upon the rights of the plaintiff, the latter should not recover costs.

5. UNFAIR COMPETITION—ADVERTISING OF DECREE.

Where the defendant has not been guilty of improper advertising, the plaintiff should be forbidden to advertise a decree in his favor at the peril of losing the benefit of the decree.

In Equity. On rehearing. Decree for plaintiff.

This is a bill in equity, dependent on diverse citizenship, to procure an injunction against the defendant for unfair competition in the sale of spark plugs to be used in the Ford motor car. The plaintiff is a Massachusetts corporation, and the defendant a New York corporation, each concerned in the manufacture of spark plugs for motors. On the 22d of February, 1911, the plaintiff procured a contract from the Ford Motor Car Company for the manufacture and sale of 10,000 of a plug which was designed to fit the engine of that car and which they called the "Champion X." Later in that year they sold 239,500 more plugs to the same company. During the year 1912, and for all subsequent years

down to the present, the Ford Motor Car Company has used the plaintiff's "Champion X" plug for the factory equipment of its cars, except for a few contracts hereafter mentioned, which were procured by the defendant. In all, the plaintiff has sold to the Ford Motor Car Company a total of more than 4,000,000 of said plugs, which were in some respects different from those theretofore manufactured by the plaintiff and from those used by the Ford Motor Car Company. They are known as the open type, in which the two electrodes, between which the spark leaps, consist of pieces of wire, one straight and the other bent up at an acute angle. The steel shell of the plug is of a black finish, with the hexagonal part, for the wrench to engage, extending above the top of the engine of a predetermined size and length. Above the shell there is a bushing nut, designed to hold in place an insulating porcelain, which in turn holds the straight electrode. This porcelain has concealed within the shell a lower extension, known as the petticoat, and only the upper part projects above the bushing nut, showing a white cylindrical surface of somewhat more than half an inch. Above the white porcelain there is a brass nut, and above the brass nut a brass screw. Between the brass nut and the screw is held the wire from the magneto, which carries the current down the straight electrode. On the face of the part of the porcelain above the bushing nut are printed the words, "Champion X," in red letters.

It has always been the custom of the plaintiff to sell these plugs to the Ford Motor Car Company at substantially their cost, relying for its profits upon the replacements which users of the car must buy as the plugs wear out. These replacement plugs the plaintiff sells to jobbers at anywhere from 25 cents to 30 cents apiece, and the jobbers and repair men retail them to the trade at a list price of 75 cents, which in practice is reduced to 50 cents or less. In the Ford Manual, which is issued to all buyers of the Ford car, the Ford Motor Car Company recommends the replacement of these plugs by the same equipment with which the car is sold, and the plaintiff, both through this recommendation and the fact of the use of them in the car itself, has established a large sale of its plugs in replacement, with much profit. Besides this,

the plaintiff has spent large sums of money in advertising its plug and in exploiting it through traveling salesmen.

Until the year 1913, the defendant advertised and recommended for use upon Ford cars a plug of its own manufacture, which it called the "Spitfire." This was of a different type from the "Champion X," having a closed bottom and nicked shell. The porcelain which extended above the bushing was also of a somewhat different size, and bore the legend, "Mosler's Spitfire." In the year 1913 the plaintiff procured from the Ford Motor Car Company an order for 10,000 plugs to be made after a blueprint submitted at the time, which was in turn made exactly after the plaintiff's plug. This order the defendant filled, and later got further orders from the Ford Company, amounting in all to about 100,000 plugs, both in this country and Canada. Having made the plug, which was nearly indistinguishable from the plaintiff's, it continued, however, to supply it to jobbers and repair men for use as replacement of the Ford equipment, and has established a substantial business itself. The "hex" of the defendant's plug is slightly longer than the plaintiff's, and the porcelain is thicker in diameter and slightly shorter in length; the nut above the porcelain is knurled, instead of hexagonal, and the name "Mosler Superior" is printed on all the porcelains. Nevertheless, it is not disputed that the two plugs, unless placed side by side, are not distinguishable to an inexperienced eye, except by the substitution of the words "Mosler Superior" for "Champion X." Each has the shell and bushing nut finished in a dull black color, each has a white porcelain, and each a brass top nut. The replacement plugs are sold in separate cartons, and the general appearance of the plaintiff's carton is absolutely dissimilar from the defendant's. No claim of unfair competition is made of the cartons.

The plaintiff's position is that the change in the defendant's plug, from its former easily distinguishable "Spitfire" to the absolute copy of the plaintiff's "Champion X," results in substitution of the one for the other to buyers who seek replacement plugs. It proved some instances of such substitution by retail dealers, without the connivance of the defendant. It also proved that nine other kinds of plugs had in the past been sold for use

in Ford cars, all readily distinguishable from its own and all suitable for the purpose.

The defendant replied by asserting that all parts of its plug, and the proportion of those parts, were functional in its plug, and that none could be changed without affecting either its cost or its value in use. It appeared that all the parts were necessary, but there was some dispute as to the form of the electrodes, the length of the "hex," and that of the porcelain above the bushing nut.

Livingston Gifford, of New York City, and *Wilber Owen*, of Toledo, Ohio, for plaintiff.

William A. Redding and *Ambrose O'Shea*, both of New York City, for defendants.

LEARNED HAND, District Judge (after stating the facts as above): In cases of this character the question is always in the nature of a compromise between the plaintiff's security in his trade and the annoyance and expense imposed upon the defendant by imposing conditions upon him. Where it is equally easy for the defendant to adopt a new make-up, and the plaintiff is in real danger of losing future customers, courts do not hesitate; even when the change is somewhat burdensome to the defendant, they will at times intervene. That the plaintiff's trade in replacement plugs is imperiled by the "Mosler Superior" seems to me quite possible, and, though no evidence of successful deception is produced, it is not necessary to do so. *Collinsplatt v. Finlayson* (C. C.) 88 Fed. 693. The plugs were confessedly originally made in exact accordance with the Ford blueprint, and are now structurally distinguishable only by such slight differences as would inevitably escape the eye, unless they are placed side by side. They are in color precisely like the plaintiff's plugs, except for the name upon them, and dealers have attempted to pass them off as such. It seems to me, therefore, that there is a substantial danger to the plaintiff's business in selling replacement plugs. A Ford owner, asking for a Ford plug, and wanting to get the kind he had got with his car, might well be guided altogether by its general appearance. It is true that, if he observed the name, "Champion X," he would not be misled; but he might well not

look at the name. Nor are the circumstances such that the color of the cartons counts. If the original plugs came in cartons, I should think that distinction enough, without more; but they do not. Therefore the buyer cannot distinguish between the defendant's cartons, and the plaintiff's he has never seen. It seems to me, therefore, that the plaintiff is entitled to some relief against such an absolute copy as is here presented.

In such cases the first question is always whether the points of similarity are essential features of the thing sold. When they are, the right to copy them is necessarily involved in the right to sell that particular thing; if the plaintiff is affected, it is his mischance that his manufacture has not become associated with some arbitrary and unessential feature. Yet even here it is often possible to insist upon the second comer's adding some arbitrary mark, itself not essential, by way of distinction. The case is in essence no different from those of the secondary user of descriptive or geographical names. The plaintiff in both cases finds himself in such a position that his customers have come to associate his make with some feature which in its origin did not represent him at all. It can make no difference that in cases of genuine secondary user the feature is itself a symbol, representative, but representative of something else than the plaintiff's manufacture, while in cases like this the feature was not originally a symbol at all. In each case the feature has become a symbol of the maker, and, when others use it, he runs the chance of losing his customers. There is equal reason in each case to compel the second comer to add some distinguishing mark to the feature to avoid its acquired meaning. Nor does it matter in substance whether the feature lies in the case or container or in the very thing itself. *Coca-Cola Co. v. Gay-Ola Co.*, 200 Fed. 720, 119 C. C. A. 164 [Reporter, vol. 3, p. 1]; *Id.*, 211 Fed. 942, 128 C. C. A. 440 [Reporter, vol. 4., p. 297]; *Hiram Walker & Sons v. Grubman* (D. C.) 222 Fed. 478 [Reporter, vol. 5, p. 266]. The limitation in application must be the feasibility of a mark which shall not be too burdensome.

In cases like *Enterprise Mfg. Co. v. Landers, Frary & Clark*, 131 Fed. 240, 65 C. C. A. 587, *Yale & Towne Mfg. Co. v. Alder*, 154 Fed. 37, 83 C. C. A. 149, and *Grier Bros Co. v. Baldwin*, 219 Fed. 735, 135 C. C. A. 433 [Reporter, vol. 5, p. 127], there

were features added by the defendant which could have no purpose, and, what is more to the point, no effect, except to mislead the buyer into supposing the goods were of the plaintiff's make. They could be subtracted from the article without affecting those features which controlled the buyer's choice. Such cases as *Rushmore v. Manhattan Screw & Stamping Works*, 163 Fed. 939, 90 C. C. A. 299, *Lovell-McConnell Mfg. Co. v. American Ever-Ready Co.*, 195 Fed. 931, 115 C. C. A. 619 [Reporter, vol. 2, p. 313], and *Rushmore v. Badger Brass Mfg. Co.*, 198 Fed. 379, 117 C. C. A. 255 [Reporter, vol. 2, p. 488], avowedly rest upon the same basis, yet the doctrine was in those cases pressed very far, since the design of a motor lamp or horn may well be a part of the reason why the buyer chooses them. To deny the second comer the right to use that design seems rather to step beyond the principle which protects only such symbols as are representative of the plaintiff's manufacture, nor does it seem an entirely adequate answer to say that the features enjoined are nonfunctional. It is only when the mechanical operativeness of the thing is certainly all that determines the buyer's choice that such a criterion is safe. *Margaret Steiff, Inc., v. Bing* (D. C.) 215 Fed. 204 [Reporter, vol. 4, p. 388].

In the case at bar, there is no danger of losing sight of the distinction suggested, if the test be applied of nonfunctional features, since a buyer will not choose a spark plug because its appearance pleases his fancy. However, I am not satisfied that any part of the defendant's plug is nonfunctional and could be changed without some sacrifice, or at least some chance of sacrifice, to its real mechanical value. The fact that in earlier plugs the shell electrode was not bent up has some force, yet the bend has some functional plausibility, and I am not prepared to take from the defendant that feature. The lengthening of the porcelain is another feature, possible perhaps, but not certainly without some question, since it adds to the plug's fragility. More may be said for lengthening the hex; but I think there are better and sufficient ways to distinguish the plugs than by imposing this requirement upon the defendant. It seems to me rather that if the defendant be required to change the color of the plug it will be a more certain means of distinction, and will avoid the need of any mechanical

change in what is a quite legitimate competition. If, for example, the whole shell and bushing be nickeled, which could be done at the trifling cost of 35 cents per 1,000 and if a quarter-inch band of color be run around the top of the porcelain, which would add little or nothing more to the cost, it seems to me that not even a careless buyer would be misled. If he bought such a plug, I think he would be genuinely indifferent to its maker.

These changes impose some burden upon the defendant, yet the cost is not substantial, and the gain to the plaintiff may be real. To couple these changes with an elongation of both shell and porcelain would, it is true, add something, the appearance being thus wholly reorganized in form and color; but a buyer who was so careless as not to observe the total change in color would not, I should suppose, be likely to attend to such changes in form. There is not, it must be remembered, any evidence, as is customary in cases of secondary user, that the buyers have in fact got used to associating the plug's structure with the plaintiff's make.

A question was raised at the trial of the kind of nickeling which might serve. It is enough to observe that the time which counts is the moment of purchase. If the plug has a different color then, it is enough, however the color changes thereafter. On this account the defendant will be free to adopt any other distinctive color than nickel on the shell and bushing nut, whether it wears off or not. If it chooses, it may dip the shells in any coloring material.

Furthermore, it must be understood that any protection to which the plaintiff is entitled depends altogether upon its monopoly of the Ford motor factory equipment. In its direct competition for the Ford business the defendant may copy the plaintiff's plugs to the minutest detail, because the Ford Motor Car Company cannot be misled as to the manufacturer with whom it deals. If the defendant or any one else by such competition can secure a substantial part of the equipment of that car, so that any given buyer may get either the plaintiff's or some one else's, it would obviously be unjust to assume that, in seeking to replace his plugs with those which he originally got, he must want the plaintiff's

plugs. The decree will be held open at the foot for modification upon proof of such a change.

Courts often decline in decrees in such cases to indicate what features of the defendant's make-up need be changed; but there appears to be no necessity of throwing the parties to a proceeding in contempt, when the matter turns altogether upon the precise distinction which will in the end be accepted. It has been the custom in this district to provide more specifically the conditions upon which the defendant may compete, and I shall follow that custom in this case.

Therefore the decree will provide that the defendant will be enjoined from selling its "Mosler Superior" plug as at present organized, unless it change the color of the shell and bushing nut, and of the porcelain, so as to distinguish their appearance. I will at present go no further than to provide for such changes generally. The color of the shell and porcelain are at the defendant's option, so they be distinctive, and the porcelain be not marked in red in any way. The amount of the color on the porcelain, whether over the whole, or by a band, and, if so, the width of the band, I will also leave open. I have suggested a quarter-inch band at the top, and it rather seems to me that it should be so, but I am not ready finally to tie the defendant quite so closely as that, except that the name "Mosler" must be retained, or, in the case of plugs made for jobbers, the name of the jobber, or some trade-mark, in letters other than red, which shall be unlike "Champion X."

The decree will also provide for application at the foot in case any other maker shall secure a part of the Ford equipment business.

I see no occasion for costs, and each party will bear its own disbursements. The case appears to me one of honest trade differences.

I see no reason why the plaintiff should advertise its decree in any way. There is nothing unfair in the defendant's prior advertising to correct, and, when that is the case, neither side should be allowed to scare off customers by the flourish of a decree. The plaintiff will therefore refrain from any advertisement at the peril of losing its decree.

On Motion to Settle Decree

A hearing has been had for the settlement of the decree in these cases, in which the plaintiff objects to the limitation of the injunction in respect of my permitting the defendants to furnish the Ford Motor Company with plugs made of a color precisely like their own. They suggest that precisely similar plugs in form and finish furnished to the Ford Motor Company may become a means of confusion. The defendants thereupon accepted the suggestion of the plaintiff that the decree should include sales to the Ford Motor Company, provided that the requirement that the porcelain should be colored with a circular band be omitted. To this the plaintiff has agreed, and therefore the decree will simply require the defendants to color the shell and bushing nut with nickel or in some other appropriate way, and to retain upon the porcelain the name of the dealer or of the maker in some other color than red.

EISENSTADT MFG. CO. v. J. M. FISHER CO.

(232 Fed. Rep., 957)

*United States District Court**District of Rhode Island, May 18, 1916***1. UNFAIR COMPETITION—COPYING AN IDEA.**

The idea of making a bracelet in separate links, to be interchanged by friends and made into a bracelet when a sufficient number have been obtained, is not one that can be monopolized by one manufacturer in the absence of any patent protection thereon. The manufacture of similar links by a rival maker, who advertises the product as his own and does not seek to deceive the public as to its origin, affords no cause of action.

2. UNFAIR COMPETITION—PROFIT FROM ANOTHER'S ADVERTISING.

The fact that one manufacturer advertised an article extensively and created a demand for it gives him no ground for seeking to prevent a rival manufacturer from entering the market to supply the demand thus created, so long as he does not seek to pass off his product as that of the earlier manufacturer.

3. UNFAIR COMPETITION—IMITATION OF GOODS.

A manufacturer of links, of a size and design that adapts them to be used in connection with the links of another manufacturer to complete a bracelet, is not liable to injunction where there is no other evidence of effort to take advantage of the reputation of the earlier article.

In Equity. On final hearing. Bill of complaint dismissed.

E. E. Huffman, of St. Louis, Mo., and *Wilmarth H. Thurston*, of Providence, R. I., for complainant.

Frederick S. Hall and Stanley P. Hall, both of Taunton, Mass., Walter A. Briggs, of Attleboro, Mass., and George A. Rockwell, of Boston, Mass., for defendant.

BROWN, District Judge: The bill charges and seeks to enjoin unfair competition in making and selling an article which closely resembles an article made and sold by the plaintiff.

The Eisenstadt Manufacturing Company makes and sells "bracelet links," which, by structure and design, are adapted to be assembled to complete what is termed a "friendship bracelet." They have advertised these links under the name of "Bob-o-link." One of their advertisements thus describes the scheme of sale:

Here's the Way It Works

A girl starts a bracelet by exchanging "Bob-o-links" with a friend. They each wear their "Bob-o-link" with the friend's initials engraved upon it, on a narrow black velvet ribbon around the wrist. Then they start other friends by exchanging "Bob-o-links" with them. Thus they complete their own bracelet, and in doing so start ten or a dozen other girls, who in turn start another ten or a dozen, and so it goes until everybody has a "Bob-o-link" bracelet. It takes from nine to twelve "Bob-o-links" to complete a bracelet, and a girl isn't satisfied until she has one completed—then she immediately starts another. There is no end to it.

When a girl has enough "Bob-o-links" she goes to her jeweler and has them clamped together with the small silver links, which are provided for that purpose.

The plaintiff originated neither the special design of link which it seeks to enjoin the defendant from making, nor the scheme of sale.

In January, 1915, H. B. Pratt conceived the idea of making what he termed a "friendship bracelet."

As the amended bill alleges, for about three months prior to April 1, 1915, H. B. Pratt and Bullard Bros. Company had been continuously manufacturing the said links and selling them in various localities throughout the United States, and had created a substantial demand for said links, and all the business in said links was carried on in the name of Bullard Bros. Company. Newspaper articles explaining Pratt's bracelet link idea were published in various jewelry trade magazines and Bullard Bros. had disposed of about 25,000 of these links in many different states.

The article, already on the market, having been brought to the attention of officers of the plaintiff company by a traveling salesman some time in March, 1915, it made a proposal to Pratt

by letter of April 1, 1915, for a contract to be in force for two years, with privilege of renewal for another year, "for the exclusive right to make and sell your 'friendship, interlocking link bracelet,' in silver, gold or other metals." The plaintiff agreed to pay royalties on sales. The following language was also used:

"This exclusive right granted is to cover the patents now pending, and all improvements or subsequent patents which may be applied for and obtained on this bracelet, or any article of similar character."

This proposal was accepted by Pratt April 1, 1915, with a modification relating to an existing contract with a third person. The parties to the contract were Pratt and the plaintiff company, and the written contract apparently relates to rights in an invention or inventions of Pratt for which applications for patents were pending, or were contemplated. There is evidence, however, that after the making of this contract Bullard Bros. Company discontinued the manufacture and sale of the article, and that they received a share of royalties paid by plaintiff to Pratt.

A patent, No. 1,166,629, was issued January 4, 1916, on Pratt's application of March 3, 1915, for a bracelet; but this patent, which claims only a complete bracelet and not the individual links, is not relied upon in the present case, except to show good faith of the plaintiff in issuing certain notices in which patent rights were asserted, and to meet the defense that because of misrepresentations to the public in respect to patent rights the complainant does not come into equity with clean hands.

No evidence is produced to show that Bullard Bros. Company ever made any formal agreement with the plaintiff to discontinue the manufacture of the article, or assigned to it any supposed good-will. Though plaintiff now claims to have succeeded to the business and good-will of Bullard Bros. Company, there is no evidence of any contract between Bullard Bros. Company and the plaintiff to this effect, and the plaintiff advertised itself as "makers and distributors under license of H. B. Pratt, inventor." There is no evidence that it attempted to use any of the reputation of Pratt or Bullard Bros. Company as manufacturers.

The evidence shows that the article of the special design for which plaintiff seeks protection was not exclusively associated in the public mind with the Eisenstadt Manufacturing Company as

manufacturers, but, on the contrary, was also associated with Bullard Bros. Company as manufacturers.

By stipulation in this case it appears also that the complainant issued a circular dated May 28, 1915, in the name of and by authority of H. B. Pratt, giving notice to the trade that applications for design and apparatus patents were pending, and warning against infringement. This circular contained the following statement:

"The Eisenstadt Manufacturing Company, of St. Louis, Missouri, the Standard Button Company, of Attleboro, Mass., and Bates & Bacon, of Attleboro, Mass., are the only authorized manufacturers and distributors of the genuine 'Bob-o-link' bracelet."

In this case it is quite necessary to make what Mr. Wigmore refers to as "the distinction between actionable deception of the customer by imitation of the authorship, and nonactionable imitation of the merchandise without deception as to authorship." See *Harvard Law Rev.*, April, 1916, p. 609; *Flagg Mfg. Co. v. Holway*, 178 Mass. 83, 59 N. E. 667.

It is true that in some cases the appearance of an article may indicate authorship, so that the offering of a copy in itself tends to deceive as to authorship.

There is some conflict between the exercise of the right to copy an unpatented design or manufacture and the right of a prior manufacturer to prevent a competitor from copying, where such copying in itself results in deception of the public as to the origin of the goods. When the article has become associated in the mind of the public with the manufacturer who first put the article on the market, and when the reputation of that manufacturer and of the quality of his goods is a matter of substantial importance to the public as well as to the manufacturer, the right to copy may be subject to the obligation to give such notice as may be necessary in the particular circumstances, in order to prevent such mistake or deception of the public as might arise from putting a copy on the market.

The defendant relies upon *Keystone Type Foundry v. Portland Pub. Co.*, 186 Fed. 690, 108 C. C. A. 508 [Reporter, vol. 1, p. 106], which involved the question whether there was unfair competition in copying the design of a certain type, or type face, originated

by the plaintiff and advertised as "Caslon Bold." In that case the court said:

"The defendant has not sought to avail itself of the complainant's reputation as a founder, but of its taste and skill as a designer. This it may do. It may copy the complainant's type, so long as it does not pretend that the copy is an original product of the complainant."

—and quotes with approval *Flagg Mfg. Co. v. Holway*, 178 Mass. 83, 59 N. E. 667. The defendant also cites *Rathbone Sard & Co. v. Champion Steel Range Co.*, 189 Fed. 26, 110 C. C. A. 596, [Reporter, vol. 1, p. 259]; *Rice & Co. v. Redlich Mfg. Co.*, 202 Fed. 155, 122 C. C. A. 442 [Reporter, vol. 3, p. 113]; *Armstrong Seatag Corp. v. Smith's Island Oyster Co.*, 224 Fed. 100, 139 C. C. A. 656 [Reporter, vol. 5, p. 392]; *Diamond Match Co. v. Saginaw Match Co.*, 142 Fed. 727, 74 C. C. A. 59; *Pope A. M. Co. v. McCrum-Howell Co.*, 191 Fed. 979, 112 C. C. A. 391 [Reporter, vol. 2, p. 109].

The complainant cites a number of cases in which the court apparently has been of the opinion that the copying, in view of the association of the article copied with a particular manufacturer, was a means of palming off goods as those of another, and of trading upon another's reputation. *Steiff v. Bing* (D. C.) 215 Fed. 204 [Reporter, vol. 4, p. 388]; *Strause v. Weil et al.* (C. C.) 191 Fed. 527 [Reporter, vol. 2, p. 159]; *Enterprise Mfg. Co. v. Landers, Frary & Clarke*, 131 Fed. 240, 65 C. C. A. 587; *Yale & Towne Mfg. Co. v. Alder*, 154 Fed. 37, 83 C. C. A. 149; *E. B. Estes & Sons v. George Frost Co.*, 176 Fed. 338, 100 C. C. A. 258; *Steward v. Hudson* (D. C.) 222 Fed. 584 [Reporter, vol. 5, p. 269]; *U. S. Expansion Bolt Co. v. Kroncke Hdw. Co.* (D. C.) 225 Fed. 383 [Reporter, vol. 5, p. 447]; *Rushmore v. Manhattan S. & S. Works*, 163 Fed. 939, 90 C. C. A. 299, 19 L. R. A. (N. S.) 269; *Rushmore v. Saxon* (C. C.) 158 Fed. 499; *Baldwin v. Grier Bros. Co.* (D. C.) 215 Fed. 735 [Reporter, vol. 4, p. 466]; *Grier Bros. Co. v. Baldwin*, 219 Fed. 735, 135 C. C. A. 433 [Reporter, vol. 5, p. 127]; *Moxie Co. v. Daoust*, 206 Fed. 434, 124 C. C. A. 316 [Reporter, vol. 3, p. 370].

The complainant contends that the zither case, *Flagg v. Holway*, 178 Mass. 83, 59 N. E. 667, in so far as it supports the view that a second comer in the field may imitate unessential

features of goods on the market to an extent likely to cause confusion, is overruled in *Fox & Co. v. Glynn*, 191 Mass. 344, 78 N. E. 89, 9 L. R. A. (N. S.) 1096, 114 Am. St. Rep. 619, wherein defendant was enjoined from copying the peculiar shape of plaintiff's loaves of bread.

From an examination of these cases it is evident that it would be unsafe to say as an abstract proposition either that a plaintiff may copy and offer in the market at will, and without notice, that which is not protected by patent or copyright, or that one who copies and offers for sale must always give notice that his copy is not the product of prior manufacturers. The object of the law of unfair competition is to prevent the palming off of goods as those of another, deception of the public, and trading on a reputation established by another.

In the present case the article involves both design and mechanical structure, both of which the defendant may adopt, provided it does not seek to trade upon the reputation established by the complainant.

Upon the facts of this case I am of the opinion that the origin of the goods, the authorship of the design, or the reputation of the manufacturer have not been shown to be a matter of such interest to the public as to afford an inducement to the public to buy the plaintiff's goods rather than the goods of other manufacturers. Both in the matter of design and in the matter of function the article speaks for itself. It is not like a machine, with parts concealed or difficult to inspect, as to which the buyer relies, not upon his own judgment of quality or workmanship, but upon the name and reputation of a particular manufacturer as implying a representation of good workmanship and quality. Whether the article is made by the Bullard Bros. Company, by the Eisenstadt Manufacturing Company, by the Standard Button Company, or by Bates & Bacon, or possibly by other manufacturers, would seem to be a matter of indifference to the public, especially in view of the fact that the Bullard Bros. Company were first in the field and that the complainant itself gave notice that other persons were authorized manufacturers and distributors of the "Bob-o-link" bracelet.

The defendant has advertised itself as the manufacturer of its

own product, and I am not satisfied that there is any attempt by the defendant to steal any of the reputation of the plaintiff as a manufacturer, or to avail itself of any desire of the public to have goods which are made by the Eisenstadt Manufacturing Company as distinguished from those made by any other company.

In this particular case the real grievance, if it be a grievance, of the plaintiff seems to be that it has advertised the article extensively and has promoted and increased the demand for the article, and that the defendant, by supplying the market with the article in competition with the plaintiff, is reaping the benefit of the plaintiff's advertising, and thus, as counsel puts it, "is reaping where it has not sown."

A difficulty in the plaintiff's case, however, is that to a considerable extent this is true also of the plaintiff, as appears by the amendment to the bill and by the proofs. The scheme and the particular article had already been made known by newspaper articles and by traveling salesmen, and the plaintiff, in common with others, acquired its knowledge of the article in the ordinary course of an already established trade.

In the absence of any claim for protection under patent rights it is difficult to avoid the conclusion that the plaintiff stands merely in the situation of any other member of the public who may choose to disregard supposed patent rights, and to copy and promote the sale of an article that was already before the public and upon the market before the plaintiff adopted it.

The proofs do not show whether, as matter of fact, the defendant copied the article made by Bullard Bros. Company or that made by the plaintiff, nor does this seem to be of importance, for in either event the article in design and structure must be considered an old article of manufacture, and both plaintiff and defendant as copyists. If plaintiff's and defendant's articles are so similar that one may be mistaken for another, it seems also true that both are likely to be mistaken for articles previously manufactured by Bullard Bros. Company.

I am unable to see that it was possible for the plaintiff, after Bullard Bros. Company and Pratt had dedicated to the public all rights not protected by patents, or by applications for patents, and after Bullard Bros. Company, previously known as the manufac-

turers, had ceased to manufacture, to derive from Pratt or Bullard Bros. Company any exclusive rights, except patent rights.

The first copyist, by the claim that other copies may be mistaken for his copy, cannot abridge the rights of other copyists to follow the original design.

If we extend the established doctrine of trade dress, and say that the article itself may in some cases become a sign of authorship and origin, it could only lead to confusion, if we should go further and follow this by saying that the best known manufacturer of copies, whose product may be even better known than the product of the original manufacturer, may enjoin others from copying because the public may be misled into buying the product of a later copyist as and for the product of an earlier copyist.

However, the argument that the distinctive appearance of the article itself may serve as a sign of origin, does not seem applicable to the facts of this case.

The plaintiff has failed to show that the goods of its manufacture have in fact a distinctive appearance, which in itself points to the plaintiff as manufacturer. On the contrary, it appears that in appearance they are indistinguishable from those of an earlier manufacturer.

Whether a particular make of goods is exclusively associated in the mind of the public with a particular manufacturer is a matter of fact. Whether this association constitutes a substantial part of the inducement to buy these goods is also a matter of fact. It may be a matter of no practical consequence. That this defendant is profiting by the fact that the public mistakenly purchases its goods when they desire specially the plaintiff's does not seem to me to be established by the proofs.

The plaintiff insists that by advertising to the trade and to the public it has established a good-will with which the defendant is interfering. It appears that a full-page advertisement in the *Saturday Evening Post* of May 22, 1915, of the plaintiff's links, under the plaintiff's name of "Bob-o-link," created a large demand, and that this was followed by other expensive advertisements.

The defendant, however, was in the field as a competitor before this, and as early as the middle of May seems to have been actively pushing its goods throughout the country. A demand

for the article created by either party during competition naturally might inure to the benefit of either. There is this disadvantage in conducting an advertising campaign to promote the sale of an article which is not a proprietary article. But it is not inequitable for a defendant to profit by a general demand for old goods; it only is inequitable to seek to profit by supplying a special demand for goods of plaintiff's manufacture with goods of the defendant's manufacture, thus trading on the plaintiff's reputation and deceiving the public.

The plaintiff asks that the defendant be enjoined from making links of such size and design as adapt them to be used in connection with plaintiff's links to complete a bracelet.

It is shown that plaintiff's advertisements to the public represent that the purchaser of a requisite number of links will have the right to have them joined together without additional charge by connecting links supplied by the plaintiff to the jewelers, and it is urged that so far as defendant's links are purchased in place of plaintiff's, and so far as they are connected up by joining links supplied by plaintiff, the defendant is inequitably profiting by the plaintiff's offer to the public. Were the plaintiff the originator of both the scheme and the article, and had made promises to the public, so that the article had become a token of contract rights as well as a bracelet link, the case might present a different aspect, and involve questions of the law of tokens somewhat similar to those that arose in trading stamp cases. *Sperry & Hutchinson Co. v. Mechanics' Clothing Co.* (C. C.) 135 Fed. 833; *Id.* (C. C.) 128 Fed. 800; *Bitterman v. Louisville & Nashville R. R.*, 207 U. S. 205, 222, 28 Sup. Ct. 91, 52 L. Ed. 171, 12 Ann. Cas. 693.

But there is no reason to believe that in fact the defendant is seeking to interfere with contracts between the plaintiff and the public in respect to this, or to profit by this promise by throwing upon the plaintiff the expense of connecting the defendant's links by use of plaintiff's connecting links. The defendant also supplies jewelers with such connecting links, and apparently follows the same plan that was used before the plaintiff entered the business. This must be regarded as one of the theoretical aspects of the case, rather than as a substantial matter.

Upon the whole case I am of the opinion that the defendant is not seeking to take advantage of the plaintiff's trade reputation, or of its reputation as a manufacturer, or to deceive the public by palming off its goods as the goods of the plaintiff. It has openly asserted its right to copy, and denied the plaintiff's right to a patent, or to a monopoly of the design. There has been some confusion of goods, but this results from the fact that both with equal right make the same article. The defendant's conduct does not, in my opinion, amount to fraud, actual or constructive; and if the defendant's competition interferes to some extent with the plaintiff's business scheme, this is merely because there is competition, and not because there is unfair or unlawful competition.

The bill will be dismissed.

PAUL DICKEY V. MUTUAL FILM CORPORATION, *et al.*

(New York Law Journal, August 11, 1916)

New York Supreme Court

New York County, August 10, 1916

1. UNFAIR COMPETITION—TITLE OF A PLAY.

The proprietor of a play may enjoin the presentation of a photo play under the same title, although it is not claimed that the stories are in any way similar. It is clear that competition may exist between a play and a photo play with resulting damage to the former.

2. UNFAIR COMPETITION—ACCOUNTING OF PROFITS.

Where an injunction is granted against the further production of a film under the same name as a play and evidence of damage is offered, an accounting is properly decreed.

In Equity. On final hearing. Decree for plaintiff.

Nathan Burkan, attorney for plaintiff.

Seligsberg and Lewis, attorneys for defendant, Mutual Film Corporation.

CLARK, J: This is an action for an injunction and an accounting. Plaintiff is a dramatic writer. Defendant is a moving picture producer. Plaintiff wrote a one-act play called "The Come-Back" which was produced on the stage first in March, 1911. It has been produced as recently as March, 1915. Defendant has since at least June, 1915, produced upon the screens

a photo play called "The Come-Back." It is not claimed that the story of the play and the photo play are similar; indeed, the sole similarity is in the title. I shall hold that although not now actually being produced, plaintiff's play is sufficiently of value to be the subject of loss from competition, and that the name "The Come-Back" is not descriptive but fanciful, and therefore subject in a proper case to the protection of an equity court. In the first place I do not think that the prior copyright of two dramatic compositions under a similar name affects plaintiff's rights. The title not being subject to copyright, its use is protected under the equitable rule applicable to trade-marks; that is, priority of actual use gives priority of right to use and to protection (*Columbia Mill Co. v. Alcorn*, 150 U. S. 460, 463). Defendant's chief defense is that the case is merely one of coincidence, and that not every case of coincidence is unfair competition, at least in the absence of fraudulent intent. I do not think that fraudulent intent is involved in this case. It is true that coincidence in title is not *per se* unfair competition, as witness numerous cases cited by the defendant, beginning with the Aphthorp case, *Astor v. West 82d St. Realty Co.* (167 App. Div., 273) [Reporter, vol. 5, p. 182]. These cases, as I read them, are decided on the ground that no competition exists. For instance, the Aphthorp case held that there was no competition between a hotel and an apartment house. In the case of *Atlas v. Street & Smith* (204 Fed. 398) [Reporter, vol. 3, p. 259] it was held that there was no competition between novels and moving pictures of the same titles. It is clear that competition may exist between a play and a photo play, and that an injunction may arise from the mere use of a similar title I think is held by the case of *Frohman v. Morris* (68 Misc. 46); *Klaw & Erlanger v. General Film Co.* (154 N. Y. Supp. 988), and *Frohman v. Payton* (34 Misc. 275). An injunction must therefore be granted in the present case. On the question of an accounting it appears that plaintiff had submitted his play in three-act form to various theatrical managers and moving picture producers subsequent to defendant's production and that it had been rejected. This is sufficient evidence of damages and loss of profits to allow an accounting. Defendant contends that where no fraud is found there can be no accounting or damages. The rule, as I read the

cases, is rather that in case of innocent competition, courts are reluctant to decree an accounting and damages. While not specifically finding fraud or intentional unfair competition here, I nevertheless feel that on the facts the case is one for an accounting and damages, to be determined by a referee to be appointed for the purpose. Submit judgment and decree.

STAR COMPANY V. THE WHEELER SYNDICATE, INC.

New York Supreme Court

New York County, August 15, 1915

1. TRADE-MARK—NAME OF IMAGINARY CHARACTERS.

The product of a cartoonist's hand and brain are to be treated as a commodity, the same as merchandise which may be sold under a distinctive mark or name, the exclusive right to which, as a trade-mark or trade-name, in the sale of such commodity, is vested in the artist.

A cartoonist who contributes daily to a newspaper, a comic strip delineating characters known as "Mutt and Jeff" under a contract of exclusive employment, does not lose his right to monopolize the names of these characters, they not having been used as the title of the cartoons or of the comic strip.

Outcault v. New York Herald distinguished.

In Equity. On final hearing. Decree for defendant. For decision on motion to vacate preliminary injunction, see Reporter, vol. 5, p. 358.

William A. DeFord (Bainbridge Colby, David Gerber and Nathan Burkan, of counsel), for the Star Company.

Charles R. Kelley, for The Wheeler Syndicate, Inc., and Harry C. Fisher.

GREENBAUM, J: The controversy in this action has narrowed itself to the inquiry whether the plaintiff, the Star Company, has acquired a trade-mark in the words "Mutt and Jeff" as a title to a series of cartoons published in its paper known as the *American*. The controlling facts upon which the rights of the parties depend are practically undisputed. Harry C. Fisher, known by the nom de plume of "Bud Fisher," was concededly the creator of two grotesque figures which he named "Mutt and Jeff," respectively, and which he utilized in a series of cartoons, each publication being in the form of what in newspaper parlance is called a "comic strip." Each strip consisted of four or more pictures in which the chief characters, "Mutt and Jeff," were delineated in various

attitudes and situations and were represented as exchanging views on a variety of topics, the words of the dialogue being printed in a balloon-shaped scroll emanating from the lips of the speakers. Mr. Fisher began this series of cartoons on November 15, 1907, in the *San Francisco Chronicle* with the character of "Mutt." Commencing on December 11, 1907, he continued the publication of these cartoons in the *San Francisco Examiner* until April 9, 1909. During this period and as early as March and April, 1908, which was prior to the time he entered into plaintiff's employ, he introduced the figure "Jeff" in his comic strip, and the cartoons became known to the public as "Mutt and Jeff," although these words had not formally appeared in the headings of the pictures. He started on the *Chronicle* with a weekly salary of \$15.00 which he shortly afterward increased to \$27.50. When he entered into the employ of the *Examiner* his salary became \$50.00 a week, subsequently increased to \$60.00 and then to \$75.00. In February, 1909, he made a three-year contract with the *Examiner*, which was owned or controlled by William R. Hearst, the virtual owner of the *New York American* and other newspapers. In May, 1909, he came to New York City and prepared daily cartoons for the *American* until August, 1910, when a new contract was made with the plaintiff for a term of five years at a salary of \$200.00 a week for the first year; \$250.00 during the second, third and fourth years, and \$300.00 during the fifth year. The contracts of February, 1909, and August, 1910, provided for Fisher's exclusive service at a weekly salary on "publications and newspaper enterprises in which William R. Hearst is or may be interested." One of these enterprises was and is known as the International News Service. During substantially the entire period of these contracts Fisher's cartoons appeared daily in the Hearst publications and in other publications under agreements made with the International News Service. The first time that the words "Mutt and Jeff" were employed in the caption of the cartoons was under date of November 20, 1909, as follows: "Mutt and Jeff do a Little Ticket Scalping at the Big Game—by 'Bud' Fisher." As a matter of fact Fisher himself prepared the titles of the headings to the cartoons, and they were uniformly published as prepared by him until December 11, 1914, when the words "Mutt and Jeff"

were printed for the first time as the heading of the Fisher comic strip, reading as follows: "Mutt and Jeff—The Little Fellow Also Knows Some Law and Proves it." This heading was published without the knowledge of Mr. Fisher, who promptly protested against its use, with the result that the succeeding publications contained only headings or titles as prepared by Fisher in accordance with previous practice. It may here be observed that at about this time ineffectual negotiations had been in progress for plaintiff's renewal of the Fisher contract, and in December, 1914, Mr. Fisher had concluded a contract with the Wheeler Syndicate to commence upon the expiration of the term of the subsisting agreement with plaintiff, and it was therein provided that he was to receive a minimum of \$1,000.00 weekly for his "Mutt and Jeff" cartoons. On January 19, 1915, and down to the end of that month the *American* again published the Fisher cartoons with the title "Mutt and Jeff—by 'Bud' Fisher." When these titles appeared, Mr. Fisher again protested against their use, and upon the plaintiff's failure to discontinue them he ceased furnishing any further drawings for the plaintiff. It may further be noticed that the plaintiff at times during the term of its contract with Fisher, extensively advertised that "Mutt and Jeff will appear in the *New York American* daily." These advertisements were printed in its Sunday editions and also on cards in subway and elevated stations, on billboards, news-stands and upon plaintiff's newspaper delivery wagons. Broadly stated, the contention of the plaintiff is that, being the first one to use the title "Mutt and Jeff" in connection with its comic series, it is entitled to the exclusive right to the use of such title as a trade-mark or trade-name. It doubtless is the law that the exclusive right to a trade-mark does not belong to the one who suggested or invented it, but to the party who was the first to appropriate and use it in his business and give it a name and reputation (*Caswell v. Hazard*, 121 N. Y. 494; *Columbia Mill Co. v. Alcorn*, 150 U. S. 460, 463; 28 Am. & Eng. Enc. of Law, pp. 393, 394, 2d Ed.). The plaintiff insists that the facts of this case bring it within the decision in *Herald Co. v. Star Co.* (146 Fed. Rep. 204, aff'd by Circuit Court of Appeals, 146 Fed. Rep. 1023) and *Outcault v. N. Y. Herald* (146 Fed. Rep. 205), popularly known as the "Buster

Brown" case. While the facts in the "Buster Brown" case are quite analogous in some features to those here appearing, yet they may be differentiated in material respects. In the "Buster Brown" case the court found as a fact that the *New York Herald* was the first to use the words "Buster Brown" as the "title of a comic section" of its newspaper. In the case at bar, the plaintiff had published the cartoons for about five years without the title of "Mutt and Jeff" and the only titles employed were those prepared by Fisher, which varied from day to day, the captions being appropriate to the subject matter of the given strip. In the "Buster Brown" case it appeared that the *New York Herald* had used the title for a number of years as a heading to a comic section of its paper. In the case at bar, no such situation existed. Under all the circumstances here appearing, it may not be fairly held that the plaintiff had actually used "Mutt and Jeff" as a title of Fisher's comic strips, even if it be assumed that the strip may be regarded as a comic section of the paper. The fact is that, during the entire period of its contract with Mr. Fisher, plaintiff published these strips without any title of its own. The mere circumstance that in its advertisements the cartoons were referred to in connection with the words "Mutt and Jeff" is of no special significance, since it is also the fact that since September 22, 1910, Fisher published upwards of 300,000 copies of his books of cartoons selected from those which appeared in the *American* under the title of "The Mutt and Jeff Cartoons by Bud Fisher." It is thus evident that the plaintiff was not the first user of the words "Mutt and Jeff" as a title or trade-mark, and that these words had not been appropriated by it as a trade-mark or trade-name to designate its comic section or a portion thereof, except upon the few occasions during the expiring months of the agreements, after the plaintiff realized that a renewal of the Fisher contract was out of the question. It is clear that this is not a case where the plaintiff had been in the habit of labeling its comic strips with a distinctive mark, or where it may be fairly said that it had acquired by user the words "Mutt and Jeff" as against Fisher. Nor is this a case where it may be held that the plaintiff, being entitled to the exclusive services of Fisher in the drawing of the cartoons in question, became entitled to the use

of the title "Mutt and Jeff," since those words originated with Fisher before he entered into the employ of plaintiff and the cartoons had already acquired a reputation as "Mutt and Jeff" cartoons. The facts in this case, too, are different from those appearing in *Jaeger's Co. v. Le Boutillier* (47 Hun 521) where it was shown that Professor Jaeger had never been engaged in the business of selling goods and, therefore, had never acquired any proprietary right in a trade-mark. On the other hand, the facts established in this case are, that Fisher was most actively engaged, for some time prior to his employment with plaintiff, producing the cartoons with "Mutt and Jeff" characters. These cartoons, in effect the products of Fisher's hand and brain, are to be treated as a commodity of barter and sale, the same as tangible goods or merchandise which may be sold under a distinctive mark or name, which the vendor may exclusively use as a trade-mark or trade-name in the sale of such goods. The mere circumstance that for a period of time Fisher obligated himself to produce his cartoons exclusively for the plaintiff, no more deprived him of the exclusive right to use the trade-mark or trade-name of his productions than would a manufacturer of goods known by a trade-name be deprived of the exclusive right to such trade-name, because he had agreed for a definite time to manufacture them exclusively for a given firm. Of course, during the time when Fisher was obligated to furnish his cartoons exclusively to the plaintiff, the latter had the exclusive right to the use of the trade-name which went with the exclusive right to all of Fisher's output; but when the contract terminated Fisher was at liberty to sell his output to whomsoever he wished. The law of the case is so well considered in *Hanover Milling Co. v. Metcalf* (240 U. S. 403 *et seq.*) [Reporter, vol. 6, p. 149] that citation of further authorities would be superfluous. In the opinion of the court, the plaintiff is not entitled to the use of the trade-name or trade-mark "Mutt and Jeff," the right thereto now being vested in the Wheeler Syndicate under its subsisting contract with Fisher, subject to such rights, if any, reserved therein to Fisher. There must be a decree in favor of defendant.

[Suits of *Fisher v. The Star Co.* and *The Wheeler Syndicate v. The Star Co.* brought to enjoin the further use by the latter of the name or title "Mutt and Jeff" in connection with cartoons published by it, but not the work of Fisher, were decided at the same time with the foregoing case, and upon the opinion therein, and in each instance, a decree awarded to the plaintiff.]

GREAT BEAR SPRING CO. v. FULTON WATER WORKS CO. v.
BEAR LITHIA SPRINGS CO.

(229 O. G. 613)

Court of Appeals of the District of Columbia

May 22, 1916

CONFLICTING MARKS—IMMATERIAL DIFFERENCES.

Where the prominent feature of each of two interfering marks is a representation of a bear and the word "Bear," priority is properly accorded to the first user of the mark having this feature, although one party uses a black bear and the other a polar bear and although the first user has always employed the word "Lithia" in connection with its mark.

For decision of the Commissioner of Patents, see Reporter, vol. 6, p. 442.

Mr. W. P. Preble, for the appellant.

Mr. Fritz v. Briesen, for the appellee.

VAN ORSDEL, J: This is an appeal in an interference proceeding, from the decision of the Commissioner of Patents, awarding priority and right of registration to appellee.

Four trade-marks are involved in this interference,—the mark of appellant company, registered April 30, 1907, consisting of the words "Great Bear Spring"; the mark registered by the Fulton Water Works Company, October 23, 1894, now owned by appellant, consisting of the words "Great Bear Spring," arranged in a curve over the picture of a polar bear on a cake of ice; the mark of appellee company, registered June 9, 1891, consisting of the words "Bear Lithia Water," printed in white letters on the side of a black bear, standing on the margin of a spring of water, and the mark here sought to be registered by appellee, consisting of the representation of a bear, upon which is printed the word "Bear."

It will be observed that the common feature of the four marks in interference is the word "Bear," and that all the marks, with the exception of appellant's 1907 mark, contain, in addition to the word "Bear," the representation of a bear, which feature was held by the Commissioner to be equivalent to the word "Bear."

Prior use by appellee is conceded of the 1891 mark, but it is

contended that it should not be permitted to establish priority over appellant's marks in a mark from which the word "Lithia" has been eliminated. In other words, appellant's contention is that prior to December 23, 1910, the filing date of the present application, appellee always used the word "Lithia" with the word "Bear," and it, therefore, has no right to priority in a similar mark from which the word "Lithia" has been eliminated.

The word "Lithia" is merely descriptive, like the words "Spring" and "Water." The dominating feature of the marks is the representation of a bear. It is not material, as affecting the similarity of the marks, whether the word "Lithia" is inserted or omitted; nor is it important that in one instance a black bear is shown, while in the other it is a polar bear; or whether the word "Bear" is printed beside the picture of the bear, or on it. The prominent feature of the mark is the representation of a bear, or its equivalent, the word "Bear." The case is governed by *Johnson v. Brandau* (32 App. D. C., 348).

The decision of the Commissioner of Patents is affirmed, and the clerk is directed to certify these proceedings as by law required.

DECISIONS OF THE COMMISSIONER OF PATENTS

Descriptive Terms

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing to register "Paristyle" surrounded by an ellipse, made up of two shaded braids of hair as a trade-mark for hair nets.

The rejection has been based on the descriptive character of the word, the combination of "Paris" and "Style," but the single word "Paristyle" is not made up of these two entire words and therefore is a word no one would ordinarily use in describing hair nets. The mark is sufficiently arbitrary to be allowed and the decision of the examiner of trade-marks is reversed.¹

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks, refusing to register the word "Stylefit" as a trade-mark for paper garment patterns, on the ground that the mark

¹ Ex parte, I. Hessel, 120 Ms. Dec., 37, June 23, 1916.

appears to be merely a combination of two words "style" and "fit." The examiner further calls attention to the fact that applicant has accompanied the word "Stylefit" with the expression "Stylish and Perfect Fitting."

Even assuming that "Stylefit" suggests the idea that the patterns produce garments that are "stylish" and "perfect fitting," it is such an unusual, not to say awkward attempt, to convey the meaning "stylish" and "perfect fitting" that the registration of this word would not take away from the public any word that they would really need, in expressing the idea that their patterns resulted in stylish and perfect fitting garments. Registration granted.¹

NEWTON, A. C.—It was argued that "Ozone" as a trade-mark for soap, is descriptive or deceptive. "Ozone" is ordinarily considered by chemists as oxygen in its nascent state. In this state, it is much more active than ordinary oxygen and of course will bleach or cleanse under proper conditions, but no ordinary person would be deceived into believing that opposer's soap was "Ozone" or even contained "Ozone" since there is no way to fix "Ozone" in the form of soap. "Ozone" therefore is no more descriptive than "Ivory" for white soap or "Gold Dust" for yellow soap powder.²

NEWTON, A. C.—The conventional representation of a sack of flour bearing the words "Its the Wheat" as a trade-mark for flour, is not descriptive. It is as arbitrary as "Cream of Wheat." (Citing: *Cream of Wheat Company*, 62 Ms. Dec., 333.)³

Geographical Terms

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing to register the word "Cho-Sen" written in a peculiar style of type, as a trade mark for cotton piece goods, the ground of objection being that "Cho-Sen" is the native name of Korea, and especially as Korea is a textile and manufacturing country, the word "Cho-Sen" is geographical.

"Cho-Sen" seems to be at least as geographical as was

¹ Ex parte, *The Charles Williams Stores, Inc.*, 120 Ms. Dec., 41, June 24, 1916.

² *Fairchild & Shelton Co. v. B. Heller & Co.*, 119 Ms. Dec., 387, May 11, 1916.

³ Ex parte, *Montana Flour Mills Company*, 119 Ms. Dec., 266, April 14, 1916.

"Columbia" (See *Columbia Mill Company v. Alcorn*, 150 U. S., 460) and the examiner's rejection was correct.

The decision of the examiner of trade-marks refusing registration is affirmed.¹

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register "Pasadena," partially enclosed with a spray of roses, as a trade-mark for "woolen, mohair, and cotton piece goods." Refusal was based on the geographical nature of the word "Pasadena," which dominates the mark.

Applicant contends that "Pasadena" has a secondary significance of pleasure and pleasure seekers, amid ideal climatic conditions, and to that extent, is sufficiently suggestive to overcome its geographical significance and cites *Ex parte, Goodale Worsted Co.* (Reporter, vol. 5, p. 168), allowing registration of "Palm Beach" as a trade-mark for woolen piece goods.

Just when the name of a place becomes objectionably geographical is difficult to state. "Palm Beach" was a marginal case. Since it is notoriously a place of hotels for winter visitors, it is held that no one would be deceived into thinking that goods originated there, and the benefit of the doubt was given to the applicant. It would be going too far to allow registration in the present case.²

Proper Names

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks, refusing to register for shoes the word "Farnum," the "F" of which is in large script, shaded, and the other letters in similar script, shaded. The ground of objection was that the applicant's word is a common name not distinctively displayed.

In view of the decisions cited by the examiner, especially the *Kellogg Toasted Corn Flake Co.'s Case* (Reporter, vol. 5, p. 427), it must be held that applicant's name is not sufficiently distinctively displayed and it was properly refused registration.³

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register for steam boilers and steam engines

¹ *Ex parte, Charles L. Poor Co.*, 119 Ms. Dec., 328, May 1, 1916.

² *Ex parte, Goodale Worsted Co.*, 119 Ms. Dec., 395, May 13, 1916.

³ *Ex parte, Churchill & Alden Co.*, 120 Ms. Dec., 34, June 23, 1916.

the name "Talbot" with the tops of the letters "t" extending over the entire word, on the ground that the name was not distinctively written.

Since the word has other meanings than the mere name of an individual and is written somewhat in a distinctive way, it is held that it may be registered.¹

NEWTON, A. C.—Since the appeal was filed in this case, applicant has submitted an amendment, setting forth that the name "Loft" is printed as a facsimile signature of Mr. George W. Loft, the applicant, and as the examiner has indicated that if the word "Loft" be described as a facsimile signature, the refusal to register would be withdrawn, the appeal is dismissed.²

NEWTON, A. C.—It has been the custom of the office always to register facsimile signatures, as names of persons written in a distinctive manner. Rarely, if ever, have two persons with practically the same name applied for registration of their facsimile signatures for the same goods, but if Caswell Barrie can register his facsimile signature and it is a good trade-mark as against any other person named Barrie or Barry, then Alexander Barry's facsimile signature should also be registered. Just what would be regarded as an infringement of said registered trade-marks is difficult to determine. As said by the Supreme Court in a similar case, *Thaddeus Davids Co. v. Davids, et al.* (233 U. S., 461; Reporter, vol. 4, p. 182):

"The distinction between permissible and prohibitive use may be a difficult one to draw in particular cases, but it must be drawn in order to give effect to the act of Congress."

It is not alleged that the facsimile signature of Caswell Barrie is so similar to the facsimile signature of Alexander Barry that confusion would result when these signatures are compared as such. Indeed, when so compared, there is no question but that they are so different that confusion would not result.

The decision of the examiner of interferences dismissing the opposition filed by Caswell Barrie is correct.³

¹ Ex parte, Paul A. Talbot, 119 Ms. Dec., 394, May 12, 1916.

² Ex parte, George W. Loft, 120 Ms. Dec., 36, June 22, 1916.

³ Barrie v. Barclay & Barclay, 119 Ms. Dec., 391, May 12, 1916.

Corporate Name

NEWTON, A. C.—Appeal from the decision of the examiner of interferences sustaining opposition of the Paramount Knitting Company to the registration of the word “Paramount” for dress, negligee, work and under shirts, under the doctrine announced in the decision of the *Mansfield Tire & Rubber Co. v. Ford Rubber Co.* (222 O. G. 1056, Reporter, vol. 6, p. 141), and decisions therein cited.

The applicant emphasized the point that the property right in the name of a corporation is different from the property right in the name of an individual, in that an individual being a free natural agent may go into any business he may desire, whereas a corporation is limited by its charter as to the business in which it may engage. Applicant contends, therefore, that there is no property right in a corporate name, in a business in which it cannot engage, and this being true, no property rights of opposer would be involved by applicant’s use of “Paramount” on its specified goods.

This point may not have been raised in the adjudicated cases but the reasoning of the cited decisions would indicate that no such exception was contemplated therein, but if it were, applicant’s argument hardly applies to the present case. Opposer’s charter is not of record. No testimony has been taken and the only information respecting the opposer’s charter is contained in its notice of opposition, which states that opposer corporation was formed for “the manufacturing and selling of all knitted goods and fabrics.” These words are broad enough to cover applicant’s goods. It is true the notice of opposition sets forth that opposer has been manufacturing and selling hosiery but the above quotation from its charter would authorize opposer to manufacture the same goods set up by applicant. Whether it does or not, the decision of the examiner of interferences is in line with the cited decision of the court of appeals of the District of Columbia and it is affirmed.¹

¹ *Paramount Knitting Co. v. Par-Amount Shirt Shops, Inc.*, 119 Ms. Dec., 436, June 1, 1916.

Portrait of a Deceased Person

NEWTON, A. C.—Appeal from the decision of the examiner of interferences, dismissing an opposition to the registration of the name “Bancroft” and the portrait of George Bancroft, deceased, as a trade-mark for canned fruits. The opposition was filed by Wilder D. Bancroft, who represents himself as a grandson of the deceased, a former Secretary of the Navy.

In the trade mark act of 1905, it is provided that no portrait of a *living* individual may be registered as a trade-mark, except with the consent of the individual, evidenced in writing. The act specifically forbids the use of the portrait of a living person. Therefore the omission of any protection against the use of the portrait of a deceased person is no oversight. The opposition should be dismissed.¹

Insignia of the United States

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register “US” as a trade-mark for cotton piece goods, the refusal being based on the ground that the mark is a simulation of the insignia of the United States.

Section 5 of the trade-mark statutes specifically prohibits the registration of anything “consisting of or composing the flag or coat of arms or other insignia of the United States or *any simulation thereof*.” Applicant contends in substance that since he uses no periods with the letters, his word is the common pronoun “us” but the word as it appears on applicant’s label looks much more like the ordinary contraction of “United States” than it does like the pronoun “us.” It is not believed that anyone would ordinarily notice the presence or absence of the period. The mark, therefore, clearly falls under the condemnation of the statute forbidding registration of any simulation of the insignia.

The foundation of the statute is based on the fact that to the average citizen of the United States, it is offensive to commercialize in any way the name or flag of his country. The examiner’s refusal of registration is correct and is affirmed.²

¹ Bancroft v. Daniels, Cornell & Co., 119 Ms. Dec., 270, April 17, 1916.

² Ex parte, Grennell Willis & Co., 119 Ms. Dec., 432, May 31, 1916.

Ten-Year Mark

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks, refusing to register the word “Government” as a trade-mark for babbitt metal under the ten-year clause. The word “Government” has already been rejected for loose leaf binders, although not under the ten-year proviso. (Citing: *Sieber & Trussell Mfg. Co.*, 145 O. G. 1249; *National Candy Co.*, 156 O. G. 539.) But the application under the ten-year clause cannot be refused.¹

Title to a Trade-Mark

NEWTON, A. C.—Appeal from a decision of the examiner of interferences dismissing an opposition to the registration by Barclay & Barclay of the facsimile signature of “Alexander Barry,” as a trade-mark for soap. Opposer contended that because the applicant was not in business, it could not own a trade-mark, and therefore had no right to register.

It appears that George C. Barclay, predecessor of applicant, had an extensive business, especially in South America, in toilet preparations, such as hair tonics, hair dyes, complexion cream and perfumery, on which he had long used the name “Barry,” having legitimately obtained the right to do so from Alexander Barry in 1868. Alexander Barry seems to have changed his surname to “Barrie” in 1885. George C. Barclay died and left his business, including his trade-marks, to Barclay & Barclay, composed originally of William O. Barclay and Reginald Barclay, his son. The good will and trade-marks of Barclay & Barclay seem to have been leased to Barclay & Co., of which Reginald D. Barclay is also a member. No property or trade-mark right under these circumstances is violated by this lease, especially if the name “Alexander Barry” is used in a way not to deceive the public in any manner (*Royal Milling Co. v. J. F. Imbs Milling Co.* (223 O. G. 290; Reporter, vol. 6, p. 142), and there is nothing in the record to show the public has been deceived. Moreover, Barclay & Barclay and Barclay & Co. are so intimately connected that for purposes of transmitting and holding the good will and trade-mark rights, they are practically inseparable (*Barclay & Barclay, et al.*, 155 N. Y.

¹ Ex parte, *Syracuse Smelting Works*, 119 Ms. Dec., 317, April 27, 1916.

Supp., 221; Reporter, vol. 5, p. 505). No reason is seen why George C. Barclay could not transmit to his sons, Barclay & Barclay, his good will and trade-marks, or why Barclay & Barclay, if that firm wished to carry on business through Barclay & Co., could not transmit that good will to Barclay & Co.¹

Trade-Mark Use

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks refusing to register the name “Shaw” enclosed in the representation of a circular belt, because there was no trade-mark use.

Applicant operates cabs on the credit system. Numbered tags are issued to person who present them to the cab driver, and the driver charges the amount of fare to the person indicated by the number on the tag. The tags are not attached to any goods or merchandise. They represent credit, but credit *per se* is not such an object of merchandise as will support a trade-mark, since it is intangible and a trade-mark cannot be attached to identify it.

Applicant relied on *Ex parte, United Manufacturers Service Corporation* (Reporter, vol. 6, p. 240), but in that case the trade-mark was attached to trading stamps, bought and sold in open market.²

Use in Interstate or Foreign Commerce

EWING, C.—Upon the taking of testimony, the Modern Flour Mills produced twenty-five bills of lading, running over a period of seventeen months, all relating to shipments in the state of Georgia.

While the verified declaration states that the mark has been used in commerce among the several states of the United States, the omission to produce any bills of lading or other indication of interstate use, prior to the filing of the application for registration, suggests that no such use has occurred and fairly puts the office under the duty to inquire whether the declaration is correct in this statement.

¹ *Barrie v. Barclay & Barclay*, 119 Ms. Dec., 391, May 12, 1916.

² *Ex parte, Walden W. Shaw Livery Co.*, 119 Ms. Dec., 232, April 7, 1916.

The interference is therefore suspended and the Modern Flour Mills is given one month within which to file affidavits showing one or more specific uses in interstate or foreign commerce prior to the date of the application for registration. Otherwise registration will be refused (*The Northwestern Consolidated Milling Co. v. William Callam & Son*, 137 O. G. 22).¹

NEWTON, A. C.—Application to register the representation of a picture of a famous big tree of California and the words “Big Tree” for wines.

The purchase of wines in bulk in California by a London house and the application of their trade-mark to the casks containing the wine, before shipment from this country consigned to themselves in London, is not use in commerce with this country. That the wines bearing the mark were shipped from California, by sea, to the purchaser in London and presumably were bottled and sold there, does not help the matter. Twenty years’ use in this way gives no right to register, against a later user within the United States.²

Date of Use

NEWTON, A. C.—Application to register the name “Tatum” on a shield. Applicant’s original statement set forth, in effect, that “Tatum” was used by it as a trade-mark since 1864. This statement was objected to by the examiner and applicant was required to limit its statement of the date of use of the mark applied for to one specific date. Since applicant has used “Tatum” on the shield only since 1911, it was only proper to set forth that date.

The decision in *Ex parte, Pittsburg Valve, Foundry & Construction Co.* (128 O. G. 887) holds that, inasmuch as the date of adoption and use of applicant’s mark means the date of adoption and use of the whole mark presented for registration, no useful purpose can be subserved by a statement as to the date of use of the various features of the mark. Nevertheless, it is held that applicant should be allowed to set forth the date when it began

¹ *Modern Flour Mills v. Charles Tiedemann Milling Co.*, 119 Ms. Dec., 363, May 6, 1916.

² *Goldberg, Bowen & Co. v. Grierson, Oldham & Co., Limited*, 119 Ms. Dec., 118, March 8, 1916.

to use the name "Tatum," and when it began to use its trade-mark in its present form.

The decision of the examiner of trade-marks refusing registration is overruled.¹

Conflicting Marks

NEWTON, A. C.—Appeal from a decision of the examiner of interferences sustaining an opposition to the registration of the word "Ozo" as a trade-mark for a washing powder, because of conflict with the mark "Ozone" for soap. In view of the decisions, it is held that "Ozo" would infringe "Ozone."²

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks, in an opposition to the registration of the words "Butter Cream" as a trade-mark for bread, based upon the prior use of the words "Butter Crust" for the same goods. No actual confusion was shown.

The trend of the decision seems to be that where one party's mark consists of two arbitrary words, another party should not ordinarily be allowed to incorporate either of these two words into a mark consisting of one of these words and some other word. The opposition was properly sustained.³

NEWTON, A. C.—The picture of a shed, having hanging from the top thereof a dressed carcass of a hog, a man and a boy under the shed, the boy having a bucket emptying something into a feed trough surrounded by three pigs, as a trade-mark for powdered lye, does not conflict with a prior registration of the representation of a fat pig and an outline of a similar pig. There can be no monopoly in the representation of a hog for hog medicine (*Nestle v. Baker*, 167 O. G. 765; *Bickmore Gall Cure Co. v. Karno Mfg. Co.*, 126 Fed. Rep. 573).⁴

NEWTON, A. C.—Appeal from a decision of the examiner of interferences, sustaining an opposition to the registration of "Flint-

¹ Ex parte, Samuel C. Tatum Co., 119 Ms. Dec., 455, May 17, 1916.

² Fairchild & Shelton Co. v. B. Heller & Co., 119 Ms. Dec., 387, May 11, 1916.

³ Schulze Baking Co. v. Ralph L. Nahziger, 119 Ms. Dec., 82, February 26, 1916.

⁴ E. Myers Lye Co. v. Sinclair Mfg. Co., 119 Ms. Dec., 86, February 28, 1916.

tone" for varnish, driers and enamel, in view of the prior use of "Flat-tone" on similar goods.

Where, in an opposition proceeding, it appears that the opposer adopted its mark prior to the date of adoption by the applicant of its mark, the question of registrability of opposer's mark is immaterial, the sole question to be considered being that of the similarity of the marks (*Johnson v. Brandau*, 139 O. G. 732; *Natural Food Co. v. Williams*, 133 O. G. 232; *Wayne Co. Preserving Co. v. Burt Olney Canning Co.*, 140 O. G. 1003; *Lang v. Green River Distilling Co.*, 148 O. G. 280).

Applicant uses "Flint-tone" on the same kinds and colors of paint to which opposer's "Flat-tone" is applied, making an apparent attempt to reap the benefit of the latter's reputation. The examiner's decision is sustained.¹

NEWTON, A. C.—Appeal from the examiner of trade-marks refusing to register "National" as a trade-mark for printing and writing paper, in view of the prior registration of "National Bank" for writing paper. Affirmed.²

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks, refusing to register "Red Rooster" as a trade-mark for self-raising flour, the letters being made up of feathers and some of the letters having perched thereon miniature chickens, in view of the prior registration of a picture of a rooster and "El Gallito" (Spanish "small rooster") for flour.

Applicant previously attempted to register the words "Red Rooster" and picture of a rooster. The mark was opposed, and the opposition was sustained. Later, applicant dropped the picture of a rooster and fancifully arranged the letters as described. *Held* that the goods were of the same descriptive properties, and both would probably be known as "Rooster" or "Red Rooster" flour. The decision of the examiner of trade-marks was sustained. (Citing: *Robinson, Norton & Co. v. Royal Tailors*, 117 Ms. Dec., 330, Reporter, vol. 5, p. 464; *Ex parte, American Lubricating Oil Co.*, 1876 C. D. 56; *Ex parte, Coon*, 58 O. G. 946.)³

¹ *Sherwin Williams Co. v. Flint Varnish Works*, 119 Ms. Dec., 138, March 14, 1916.

² *Ex parte, National Papeterie Company*, 119 Ms. Dec., 223, April 6, 1916.

³ *Ex parte, Kehlor Flour Mills Co.*, 119 Ms. Dec., 241.

NEWTON, A. C.—Application to register two “Bear” trade-marks for spring water. The prominent, dominating feature of all the marks is the representation of a bear or its equivalent, the word “Bear.” Whether it is a polar bear or a black bear, or whether it is the word “Bear” by the side of the representation of the bear or across the bear, are minor features.

The Great Bear Spring Company, in its brief, contends that the public, through twenty years’ familiarity with the two marks, has learned to distinguish between the figure of the black bear with the white word on its side, and the figure of the white bear with the word “Bear” in black letters; but the record does not show that this is true, and does not take this case out of the ordinary, and I know of no decision going so far as to hold the representation of one species of bear used as a trade-mark, to be properly distinguishable from another species used by a different owner. The ordinary observer would know this water as “Bear” water or “Bear Spring” water, and not as “Black Bear” water or “Polar Bear” water.¹ (Affirmed, Reporter, vol. 6, p. 430).

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing to register as a trade-mark a figure consisting of a red star, having superimposed upon it a white star with a red border and the latter having enclosed therein a smaller star, together with a facsimile signature of the applicant, as a trade-mark for syrup. Registration is refused on a prior registered trade-mark showing a conventional star.

The difference between applicant’s and registrant’s stars would not ordinarily warrant registration, but there is the further difference between applicant’s and registrant’s marks, that applicant includes his facsimile signature as a prominent feature and more important still, the registrant does not appear to be the first to use a star on syrup. In view of prior registrations, applicant contends that the registrant is merely entitled to its peculiar kind of star, while he is entitled to his peculiar star, especially when accompanied by his name, and cites the decision in *Ex parte, Proctor Gamble Co.* (Reporter, vol. 4, p. 129) which held:

¹ Great Bear Spring Co. v. Fulton Water Works v. Bear Lithia Springs Co., 119 Ms. Dec., 291.

"The case does not turn on the star as a prominent feature of applicant's mark, but the question of the resemblance of the marks as a whole. The registrations all show that the star has been so widely used as a trade-mark for soap that it has ceased by itself to be distinctive of any soap, and therefore the public must be presumed to look for accompanying features as the means of distinguishing one brand of soap from another."

To this decision might be added that of the *Liggett & Meyers Tobacco Co. v. Finzer* (128 U. S. 182), wherein it appeared that complainant was not the first to use a star as a trade-mark for plug tobacco, and therefore that a tin star a little over a half inch in diameter, with a hole in the center, was not infringed by a red star, three-quarters of an inch in diameter.

In view of these decisions, it is held that this case may be passed to publication and to registration, if no opposition is filed.¹

NEWTON, A. C.—Appeal from the decision of the examiner of interferences, granting a petition to cancel the registration of the trade-mark "Velvelite" (pronounced "Velv-a-leet") on ground of conflict with the mark "Velvetina." Both of the marks are used on face powder. There is no question but that the petitioner has priority of use. The only question to be considered, therefore, is similarity of the marks, no case of actual confusion having been presented.

There have been two points brought out by the record that are decisive in this case; first, the dissimilarity of the registrant's entire label as compared with that of the opponent. Second, the opponent is not the first to use a mark having the prefix "Vel" for a face powder.

It is a common custom of face powder manufacturers to adopt and use some word as a trade-mark suggesting the fact that their face powder will produce a velvety appearance of the skin. These facts bring this case within the reason applied in *Ex parte, David Wertheimer* (Reporter, vol. 4, p. 129), in which it was held:

"If the registrant's mark 'Laxo' was distinctive as to sound and spelling from all other marks in this class of goods, confusion to the public might result, as between 'Laxo' and applicant's 'Lax-O-c-a-p' but as a matter of fact the prefix 'Lax' and also 'Laxo' is found to be common in marks of other registrants for this same class of goods, for example, the mark No. 32,564, 'Laxa-cara'; No. 27,319, 'Laxo-cassia'; No. 33,145, 'Lax-o-zone,' etc., and this being true, none of these registrants are in a position to claim exclusive use of this prefix 'Lax' or 'Laxo,' and as that

¹ *Ex parte*, Jas. T. Ferguson, 120 Ms. Dec., 30, June 21, 1916.

is the main point of similarity between the registered marks, 'Lax-O-c-a-p' may be registered and the decision of the Examiner of Trade-Marks is reversed."

Furthermore, the court of appeals of the district of Columbia in the *Waterbury Chemical Co. v. Reed & Carnick* (200 O. G. 279; Reporter, vol. 4, p. 125), passing upon the words "Peptenzyme" and "Pinozyme" held:

"We think the marks in issue, where the only similarity consists in the single syllable 'zyme' come within the ruling in *Landesprio v. Hall & Ruckel* (36 App. D. C., 532, where the word 'Kaladont' was held not to be likely to be confused with 'Sozodont' and in the application of the *Lasokola Co.* (100 O. G. 450), where it was held that 'Dermacura' was not in conflict with 'Dermakola' and in *Hall & Ruckel v. Ingram* (28 App. D. C., 454) where 'Sozodont' was held not to be in conflict with 'Zodenta.'"

The court of appeals of the seventh circuit in the recent case of *S. R. Feil Co. v. John E. Robbins Co.* (220 Fed. Rep. 650) [Reporter, vol. 5, p. 163], in passing upon the matter of infringement of "Sal-Vet" by "Sal-Tone" held in effect that:

"Where the mark consists of a hyphenated word, one part of which is descriptive and not subject to exclusive appropriation, while the other is arbitrary, the appropriation by another of the descriptive part only is not an infringement (syllabus)."

In view of these cases, it is held that there is no likelihood of registrant's mark producing confusion in trade, and the request to cancel should be refused.¹

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing to register "Flexeze" as a trade-mark for leather shoes, in view of prior registrations. It would appear from the registrations, that no one is the exclusive owner of the first syllable "Flex." See *Goodrich Drug Co. v. Cassada Mfg. Co.*, and cases there cited (*supra*).

In view of these decisions, it is held that the mark may be passed to publication, and registered, if no opposition develops.²

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks, refusing to register for cotton piece goods the words "Kris Kringle" written on a chimney, down which the patron saint is represented as descending, in view of the prior registration of the word "Santa Claus" and his conventional pic-

¹ *Goodrich Drug Co. v. Cassada Mfg. Co.*, 119 Ms. Dec., 496, June 13, 1916.

² *Ex parte*, P. W. Minor & Son, 119 Ms. Dec., 451, June 5, 1915.

ture for knitted, netted and textile fabrics. The registrant filed the consent of the owner of the "Santa Claus" mark for use of the mark on colored fabrics. Allowed as amended, for the latter goods.¹

NEWTON, A. C.—Appeal from the decision of the examiner of trade-marks, refusing to register the word "Golden" as a trade-mark for flavoring syrup and non-alcoholic beverages, because "Golden" is not the real mark, but the label shows "Concentrated Golden Orange Flavored Fountain Syrup" on the representation of a golden orange, and because the mark is descriptive.

Applicant shows long use of the word "Golden," although the accompanying features of the label have been changed and seeks to register only the part that has remained unchanged. Prior registration was granted to another of the word "Golden" when the label showed the word "Golden Grain Juice." Therefore, the first ground is removed. In view of the registration cited, the objection of descriptiveness should not be urged. The examiner is overruled.²

NEWTON, A. C.—Appeal from a refusal of the examiner of trade-marks to register for office and stationery supplies the word "Tatum," written both horizontally and vertically on a shield with a scroll above the shingle, because of a registration showing a shield-like design, having on it the words "Toof" written horizontally and "Quality" written vertically, with other accessories.

In view of the prominence of the name "Tatum" which really dominates applicant's mark and the prominence of the word "Toof" which dominates the registered mark, and in view of the fact that the registrant's device, while somewhat in the form of a shield, is not in its entirety the representation of a shield, it is believed that no confusion would arise between these marks.³

Goods of the Same Descriptive Properties

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks, refusing to register "Shawmut" for silk fabrics in the

¹ Ex parte, William Anderson & Company, 119 Ms. Dec., 242, April 8, 1916.

² Ex parte, J. Hungerford Smith Company, 119 Ms. Dec., 143, March 16, 1916.

³ Ex parte, Samuel C. Tatum Co., 119 Ms. Dec., 405, May 17, 1916.

piece, for tailors' and clothiers' trimmings, the refusal being based on a registration of "Shawmut," as applied to cotton piece goods.

The registrant's and applicant's marks are identical and the goods are too nearly alike to warrant registration to applicant. The decision of the examiner of trade-marks is affirmed. (Citing: *Ex parte, Rosenthal Brothers*, Reporter, vol. 2, p. 384.)¹

WHITEHEAD, A. C.—Appeal from the decision of the examiner of interferences, awarding priority in the word "Tango" as a trade-mark for candy, over another claimant of the word for popcorn crisp, popcorn treated with syrup and moulded into cakes. The goods are manufactured by the same manufacturers, sold by the same dealers to the same class of customers. The goods are of the same descriptive properties, both being confections. Hence both cannot register. Registration was properly awarded to the earliest user.²

NEWTON, A. C.—An application for the registration of "Rexo" as a trade-mark for gloves made of canvas or cotton was opposed on the ground of prior use of "The Rexall Store" on white duck coats, dusting caps, boys' and men's caps and rubber gloves. Query, whether the use of its mark by the opponent was trade-mark use, or whether the mark was not used to advertise the store, rather than to indicate origin or ownership of goods. However, caps, dusting caps and rubber gloves are not goods of the same descriptive properties with canvas gloves.³

NEWTON, A. C.—Soap, on the one hand and washing powder described as a cleanser, waste-pipe cleaner, beer-pipe cleaner and house and hand cleaner are the same class of goods. The labels indicate that the washing powder is used in much the same manner as powdered soap, and the testimony shows that it is so used.

It is therefore believed to be of the same descriptive character as soap. See *Fishbeck Soap Co. v. Kleeno Mfg. Co.*, 216 O. G. 663 (Reporter, vol. 5, p. 327), in which the court of appeals of the

¹ *Ex parte, Cumner-Jones Company*, 120 Ms. Dec., 38, June 24, 1916.

² *Bunte Bros. v. Woolfolk Coffee Company*, 119 Ms. Dec., 202, March 28, 1915.

³ *United Drug Co. v. Boss Mfg. Co.*, 119 Ms. Dec., 106, March 3, 1916.

District of Columbia has recently held that washing powder and metal polish are goods of the same descriptive characters.¹

NEWTON, A. C.—Engine or lubricating oils are not goods of the same descriptive properties as kerosene, gasoline, naphtha or a mixture of kerosene or gasoline. There is no hard and fixed rule to determine what goods are of the same descriptive properties, but where the goods are put to the same use, they will generally be held to be of the same descriptive properties.²

Opposition—Right to Oppose

NEWTON, A. C.—But even if opponent's mark is descriptive, this will not prevent the opposition from prevailing. In *Lang v. Green River Distilling Co.* (148 O. G. 280), it was held:

"Where in an opposition proceeding it appears that the opposer adopted its mark prior to the date of adoption by the applicant of its mark, the question of the registrability of opposer's mark is immaterial, the sole question to be considered being that of the similarity of the marks."³

NEWTON, A. C.—Even assuming that Barclay & Barclay have no right to register its mark since that firm has not used it, this of itself does not give opposer the right to oppose this registration. (See *Timm & Co. v. Cluett, Peabody & Co.*, 203 O. G. 306; 42 App. D. C., Reporter, vol. 4, p. 369, and cases therein cited.)⁴

Opposition—Amendment of Notice

NEWTON, A. C.—Appeal from a decision of the examiner of interferences, refusing to allow an amendment of the notice of opposition. The motion was brought after a decision dismissing the original opposition. The granting of the motion would necessitate a modification of the decision, though the decision would still be to dismiss. Therefore, no amendment should be permitted.⁵

¹ *Fairchild & Shelton Co. v. B. Heller & Co.*, 119 Ms. Dec., 387, May 11, 1916.

² *Ex parte, Red Seal Oil Co.*, 119 Ms. Dec., 9, Feb. 8, 1916.

³ *Fairchild & Shelton Co. v. B. Heller & Co.*, 119 Ms. Dec., 387, May 11, 1916.

⁴ *Barrie v. Barclay & Barclay*, 119 Ms. Dec., 391, May 12, 1916.

⁵ *Nairn Linoleum Co. v. Ringwalt Linoleum Works*, 119 Ms. Dec., 194, March 27, 1916.

Opposition—Dismissal on Motion

NEWTON, A. C.—It is not customary to dismiss an opposition on motion unless unusually clear, but where the rights of the parties are clear, it is useless to put applicant to the expense of opposition proceedings. Opposition dismissed.¹

NEWTON, A. C.—Appeal from the decision of the examiner of interferences, dismissing the opposition of Lautz Bros. & Co. to the registration by John T. Stanley Co., Inc. of the words "Blue Boy" for soap.

Opposer sets forth in its notice of opposition that it has used on goods of the same descriptive properties before applicant began the use of "Blue Boy," the words "Snow Boy," together with the symbol of a boy on "blue cartons or boxes" and at the hearing filed a sample of one of these boxes which shows that, as put upon the market, the dominant color of the box is blue.

The examiner of interferences seems to have disregarded the blue colored box of opposer and based his decision entirely on the similarity of the bare words "Blue Boy" and "Snow Boy," and since no allegation of actual confusion was set up in this notice of opposition, the opposition was dismissed.

It is not entirely clear that confusion would result in simultaneous use of the bare words "Snow Boy" and "Blue Boy" respectively by applicant and opposer, and undoubtedly decisions could be found upholding both sides of this question.

Outside of the question of infringement of the words alone, it appears that testimony might throw material light upon the issues in this case. If, for example, it can be shown that opposer's package is known to the purchasing public as the "Blue Package" soap or possibly the "Blue Boy Package" soap, a phase of this case not considered by the examiner, that might play an important part in its determination and it is thought best, therefore, to send it to proofs.

The decision of the examiner of interferences dismissing the opposition at this stage is reversed.²

¹ E. Myers Lye Co. v. Sinclair Mfg. Co., 119 Ms. Dec., 86, February 28, 1916.

² Lautz Bros. & Co. v. John T. Stanley Co., Inc., 119 Ms. Dec., 484, June 10, 1916.

NEWTON, A. C.—Appeal from the decision of the examiner of interferences dismissing an opposition to the registration by the applicant of the representation of the conventional figure of a marathon runner, for lubricating greases, lubricating and illuminating oils, petroleum and gasoline.

Opposer sets forth in its notice of opposition that it has already obtained a registration showing the head of the mythological god, Mercury, on goods of the same descriptive properties.

The examiner of interferences bases his decision on the dissimilarity of the marks shown in the registration with the mark of the applicant, and held, in effect, that no confusion would result, but opposer at the hearing sets forth that it is not the point of the case. The real point is that its goods have come to be known as "Mercury Brand" and since applicant's representation of the marathon runner is scarcely distinguishable from the conventional figure of the god Mercury, confusion would result. It would seem that if applicant could by proper testimony show that its goods were known as "Mercury Brand," since the word "Mercury" would be the trade-mark equivalent of the representation of the god Mercury, it is a serious question whether this would not be evidence of conflict.

Proper testimony upon this point might throw considerable light upon this case, and it should go to proofs. The decision of the examiner of trade-marks dismissing the opposition at the present stage is reversed.¹

Interference—Bringing in a Party

EWING, C.—Appeal from the decision of the examiner of interferences, refusing to require the Kinloch Hosiery Mills to intervene and prosecute the interference on behalf of the senior party, and refusing to shift the burden of proof to the Kinloch Hosiery Mills in case it intervenes.

A certificate from the secretary of state of Missouri, shows that the senior party forfeited its corporate rights prior to the date on which the alleged right of the Kinloch Hosiery Mills was derived from that corporation.

¹ Standard Oil Co. of New York v. Riverside Oil Co., 119 Ms. Dec., 485, June 10, 1916.

The present record is not sufficient to justify a conclusion as to the right of the Kinloch Hosiery Mills to prosecute the interferences. To make it the junior party would be practically tantamount to deciding that question, because its only alleged right to the trade-mark is dependent upon the validity of a title derived from the senior party since the interference began.¹

Label Registration

NEWTON, A. C.—Appeal from a decision of the examiner of trade-marks refusing to register under one application and for one fee, three different labels, one for Holland gin, one for Jamaica rum and one for whiskey, each of the labels having substantially the same picture thereon and the words "Youthful Club."

Applicant contends that there is but one label applied to different articles. If this is true, then applicant would get the same protection by registering only one of the labels and no good reason would exist for registering all three of them.

I do not feel authorized to register three labels for one fee. There are in fact three, whereas, if there is, in fact, only one label to be used on three articles, I see no use in registering more than one. The decision of the examiner of trade-marks is affirmed.²

¹ Oneida Knitting Co. v. Watson-Glasgow Hosiery Co., 119 Ms. Dec., 252, April 11, 1916.

² Ex parte, Keystone Bottlers Supply Co., 119 Ms. Dec., 329, May 1, 1916.

FRANSIOLI, et al. v. PREST-O-LITE COMPANY

(234 Fed. Rep., 63)

*United States Circuit Court of Appeals**Sixth Circuit, June 30, 1916*

UNFAIR COMPETITION—USE OF MARKED CONTAINERS.

Recharging and reselling acetylene gas tanks, well known to the public under a certain trade-mark, will be enjoined as unfair competition, unless the trade-mark is completely and permanently obliterated.

Covering it with black paint is insufficient obliteration.

Appeal from an order of the district court of the United States for the western district of Tennessee, granting a temporary injunction. Remanded with directions to modify order to conform with order in the Davis case (4 Trade-Mark Rep., 419).

P. M. Canale, of Memphis, Tenn., for appellants.

Wright, Miles, Waring & Walker, of Memphis, Tenn., for appellee.

Before KNAPPEN and DENISON, Circuit Judges, and COCHRAN, District Judge.

PER CURIAM. The Prest-O-Lite Company, a manufacturer and distributor of acetylene gas for lighting automobiles and other vehicles, brought suit to restrain alleged unfair competition and infringement of trade-mark by the copartnership called the Bluff City Welding Company, which acted as sales agent for the Memphis Acetylene Gas Company, which latter company was permitted to become a codefendant. Plaintiff stores its gas in portable, copper-plated steel cylinders, the container being marked "Prest-O-Lite Gas Tank" and bearing plaintiff's corporate name as manufacturer, etched in the metal surface of the cylinder, together with a notice licensing its sale and use only when filled with gas and acetone compressed by plaintiff, who furnishes its customers in the first instance with the filled package, the empty container being exchanged for filled packages under a system and on terms described in the opinion of this court in *Prest-O-Lite Co. v. Davis*, 215 Fed.

349 [Reporter, vol. 4, p. 419], where also plaintiff's trade-mark rights are set forth. The gist of the charge against defendants is that they are recharging empty Prest-O-Lite containers with gas made by the Memphis Company, and in effect selling Prest-O-Lite tanks charged with the gas referred to. Collins and others, who own Prest-O-Lite tanks, and have been in the habit of having them refilled by defendants (as well as by another party) at prices said to be much less than charged by the Prest-O-Lite Company, were given leave to intervene for the protection of their asserted right to continue such practice. The appeal is from an order granting a temporary injunction restraining defendants, in substance, from refilling Prest-O-Lite tanks with any material, and from dealing in such tanks refilled by others than plaintiff, without in all cases removing or obliterating plaintiff's trade-mark, and from passing off such refilled tanks as Prest-O-Lite gas tanks, exchanges, or refills.

The prominent grounds on which defendants contest plaintiff's right to the relief granted are: (1) That defendants have not been guilty of fraud or unfair trade; and (2) that the attempt to limit the use to which plaintiff's gas tanks shall be put after sale by plaintiff is void, whether rested upon trade-mark rights or the system of exchanging filled for empty tanks.

The case differs in no essential feature from the Davis case, and defendants' contentions in the instant case are, with one exception, fully covered by what was said in the former case and in the opinion rendered by Judge Hollister in that case in the district court. 209 Fed. 917 [Reporter, vol. 4, p. 91]. The views announced by us in the Davis case are in harmony with the decision of the circuit court of appeals of the seventh circuit in *Searchlight Gas Co. v. Prest-O-Lite Co.*, 215 Fed. 692 [Reporter, vol. 4, p. 273] and the decision of the circuit court of appeals for the eighth circuit in *Prest-O-Lite Co. v. Heiden*, 219 Fed. 845 [Reporter, vol. 5, p. 119]. On the authority of these decisions, the order appealed from must be affirmed except in one particular: it forbids the refilling of, or dealing in, Prest-O-Lite tanks without "completely removing and permanently obliterating from said cylinders or tanks the said trade-mark 'Prest-O-Lite,'" etc. Defendants' only attempt to obliterate the trade-mark "Prest-O-Lite" is by covering

it over with black paint. Such covering is no more permanent than the covering by printed paper label, held in the Searchlight, Davis, and Heiden cases to be an insufficient obliteration. But by an amendment of the obliteration provision of the order in the Davis case (made after the decision of the district court in the instant case and subsequent to the amendment of the order in the Searchlight case) the refilling or dealing in refilled Prest-O-Lite tanks was forbidden without "replating or enameling the outer surface of such cylinders or tanks so that the name of the Prest-O-Lite Company and the word 'Prest-O-Lite' shall be obliterated to the complete extent that either plating or enameling can be made to so obliterate, and such obliteration by plating or enameling shall not be dispensed with, no matter how such name and trademark appear, whether plated, etched, or otherwise, and without in addition thereto plating or stamping on the outer surface of the tank in legible and permanent form notice that such tank has been refilled or recharged by the defendants or their agents."

Defendants, by their brief (presumably written before they learned of our amended order in the Davis case), ask that the order, unless reversed, be made to conform to that in the Searchlight case, which differs somewhat from that in the Davis case. Plaintiff now consents to amendment conformably to that had in the latter case. We take it for granted that defendant would rather have the order conformed to that in the Davis case than to have it affirmed.

The record is accordingly remanded to the district court, with directions to modify the order so as to conform substantially to the amended order in the Davis case. The costs of this court will be divided.

OLD LEXINGTON CLUB DISTILLING CO. v. KENTUCKY DISTILLERIES & WAREHOUSE CO.

United States Circuit Court, District of New Jersey

November 1, 1909

1. TRADE-MARK—REGISTRATION—SUIT IN EQUITY.

A suit will lie under section 4915 revised statutes, to obtain registration of a trade-mark improperly refused by the patent office.

2. TRADE-MARK—DESCRIPTIVE AND GEOGRAPHICAL TERMS.

The words, "Old Lexington Club" as applied to whisky are not so plainly invalid as a trade-mark because geographical or descriptive that their invalidity should be determined upon demurrer.

On demurrer to bill of complaint. Overruled. For opinion on final hearing, see Reporter, vol. 6, p. 457.

Messrs. *Alexander & Green* and Mr. *Charles C. Deming* for the demurrant.

Mr. *John M. Coit*, for the complainant.

CROSS, J.: This matter is before the court upon a demurrer to the bill of complaint, which is founded upon section 4915 of the Revised Statutes, and section 9 of the Trade-Mark Act, of February 20, 1905.

Briefly stated the bill shows that on or about the 29th of May, 1905, the complainant applied to the Commissioner of Patents for registration of the mark "Old Lexington Club"; that notice of opposition was filed thereto by the defendant herein, to which answer was duly made by the complainant; that upon such issue the examiner of interferences found in favor of the complainant, and adjudged that it was entitled to register the mark in question; that such decision was appealed from, to the commissioner of patents, who affirmed the decision of the examiner; that thereupon appeal was taken to the court of appeals of the District of Columbia, which reversed the decision of the commissioner and determined that the complainant was not entitled to the registration of said mark.

Thereupon this proceeding was instituted under section 4915 of the Revised Statutes, which provides in part as follows:

Whenever a patent is refused, either by the commissioner of patents or by the supreme court of the District of Columbia, upon appeal from the commissioner, the applicant may have remedy by bill in equity.

The word "patent" as used in the above statute, has been held by the Supreme Court to apply to trade-marks. (*Frasch v. Moore*, 211 U. S., 1; *Atkins v. Moore*, 212 U. S., 285.) A number of causes of demurrer were assigned, of which however, the following only were argued.

1. That the alleged trade-mark is invalid because it is geographical.
2. That the alleged trade-mark is invalid because it is descriptive.
3. That the alleged trade-mark is invalid because it resembles too closely the trade-mark of another.
4. That the alleged trade-mark is invalid because it consists merely of the name of a corporation.
5. That the alleged trade-mark is invalid because it does not indicate ownership and origin.

A careful reading of the opinion of the court of appeals of the District of Columbia, shows that its conclusions were, to a considerable degree, if not entirely based upon the evidence before it, and it is clear to my mind that the matters involved in this suit, cannot, with a proper regard to the rights of the parties, be adjudicated upon demurrer. It is impossible to say at this time that no evidence that could be adduced might not change any conclusions thus reached, and where such is the case a demurrer should be overruled. The invalidity of the mark in question is not upon its face obvious; the most that can be said is, that it is doubtful. Turning briefly to the causes of demurrer, it may be said as to the first, that an objection that a trade-mark is invalid because, consisting of a geographical name cannot be considered on a demurrer. (*Jewish Colonization Association, et al. v. Solomon and Germanski*, 125 Fed., 994.) And particularly is this so where, as in this case, it is alleged in the bill and admitted by the demurrer, that the words "Old Lexington Club," have been recognized for a long period, by the trade and the purchasing public as an arbitrary mark identifying the origin and ownership of the goods upon which they appear, and that the complainant is en-

titled to the sole use thereof. The second ground of demurrer is likewise a proposition which cannot in the absence of evidence, and in view of the allegations of the bill, be adjudicated in favor of the demurrant. The mark, may, or may not be descriptive in fact, but the bill alleges that it is not, and the demurrer admits that it is not. As to the third ground, that is a matter which clearly must be set up by way of answer and established by proof. As to the fourth ground, it is sufficient at this time, to say that upon the face of the bill the alleged trade-mark does not clearly appear to consist merely in the name of a corporation. Furthermore, the mark accepting the allegations of the bill, was in use by the complainant and its predecessors in title, long before the complainant was incorporated, while of the last ground, it may be said that it is simply a denial of a fact alleged in the bill.

Any intimation as to the ultimate merits of this controversy, has been carefully avoided. The only attempt has been to show that its merits can be safely adjudicated here, as they were in the court of appeals, only after all available light has been thrown upon the matter, by evidence.

The demurrer will be overruled, and the defendant allowed thirty days in which to answer.

OLD LEXINGTON CLUB DISTILLING CO. v. KENTUCKY DISTILLERIES & WAREHOUSE CO.

(234 Fed. Rep., 464)

United States District Court, District of New Jersey

August 1, 1916

1. **TRADE-MARK—REGISTRATION—SUIT IN EQUITY.**

A suit will lie under section 4915 revised statutes to obtain registration of a trade-mark improperly refused by the patent office.

2. **TRADE-MARK—DESCRIPTIVE AND GEOGRAPHICAL TERMS.**

The words "Old Lexington Club" as applied to whisky are neither geographical on the one hand, nor descriptive on the other, and should not be refused registration on these grounds.

3. **TRADE-MARK—INFRINGEMENT—LACHES—BAR TO REGISTRATION.**

Where the owner of a trade-mark is aware of the use of its mark by another, but fails during upwards of fifteen years to assert its right thereto, permitting the later user to build up a business under the mark much more extensive than its own, the owner of the mark is estopped from acquiring the *prima facie* title to the mark conferred by registration.

4. **TRADE-MARK—REGISTRATION—GROUND FOR REFUSAL.**

Since registration under the statute is *prima facie* evidence of ownership, it should not be granted to one who is estopped from asserting an exclusive right to the mark.

In equity. On final hearing. Bill of complaint dismissed. For opinion on demurrer to bill of complaint, see Reporter, vol. 6, p. 454.

John M. Coit, of Washington, D. C., for plaintiff.

Hal C. Bangs, of Chicago, Ill., and *Charles C. Deming*, of New York City, for defendant.

HAIGHT, District Judge. The plaintiff, claiming to be the owner of a trade-mark for whisky, consisting of the words "Old Lexington Club," filed an application in the patent office for the registration thereof, pursuant to Act Feb. 20, 1905, 33 Stat. 724. The defendant opposed the registration upon the ground that it was the owner of a trade-mark for whisky consisting of the words "Lexington Club," and that a trade-mark so similar to it as "Old Lexington Club" would be likely to cause confusion or mistake in the mind of the public and thus injure the defendant. The examiner, to whom the question thus raised was referred, found priority

in adoption and use in the plaintiff. The defendant thereupon appealed to the commissioner, who affirmed the judgment of the examiner. Thereafter the defendant prosecuted an appeal to the court of appeals of the District of Columbia, which reversed the former judgments, upon the grounds (1) that the proposed trade-mark consisted merely of the name of the plaintiff corporation; and (2) that it was but a combination of words in ordinary use as descriptive adjectives—"Lexington" being geographical, and "Club" descriptive of quality or grade. *Kentucky Distilleries & Warehouse Co. v. Old Lexington Club Distilling Co.*, 31 App. D. C. 223. About a year after that decision was rendered the plaintiff filed this bill; the authority for doing so being section 4915 of the Revised Statutes (Comp. St. 1913, § 9460), and section 9 of the Trade-Mark Act of 1905 (Comp. St. 1913, § 9494). *Atkins v. Moore*, 212 U. S. 285, 29 Sup. Ct. 390, 53 L. Ed. 515. A demurrer was interposed to the bill, but the same was overruled by the late Judge Cross. The defendant does not here urge the first of the grounds relied upon by the court of appeals of the District of Columbia, presumably both because Judge Cross held that the proposed trade-mark did not appear to consist merely of the name of a corporation, and because, subsequent to the decision of the court of appeals, the Trade-Mark Act was amended to provide that the registration of a trade-mark, otherwise registerable, should not be denied because of its being the name of an applicant or a portion thereof. Act Feb. 18, 1911, c. 113, 36 Stat. 918; Act Jan. 8, 1913, c. 7, 37 Stat. 649 [Comp. St. 1913, § 9490].

The second ground relied upon by the court of appeals is, however, advanced in this case. Whatever may have been before that court, there is no evidence in the record here to justify the conclusion that the word "Club," as applied to liquors, is indicative of quality or grade, but, on the other hand, the only evidence is to the contrary. It does not appear, therefore, that this word has acquired in the liquor trade a generic meaning. While the word "Lexington," standing alone, might denote the geographical origin of a product, and hence not be the subject of exclusive appropriation as a trade-mark, it by no means follows that its use, in combination with other words, would denote simply the place of manufacture. As the word "Club" does not indicate the quality or

grade, and as social clubs are not engaged in the manufacture of liquor, I fail to see how the words "Old Lexington Club" can, in any sense, be considered as signifying that the product so marked was manufactured at Lexington, Ky., or as indicating its quality or characteristics, or be viewed as anything other than a fanciful designation, arbitrarily selected to designate the product of plaintiff and its predecessors. If the phrase were "Old Lexington Whisky," a different situation would probably be presented.

These views, I think, are in harmony with those expressed by Mr. Justice Pitney in the recent case of *Hamilton-Brown Shoe Co. v. Wolf Brothers & Co.*, 240 U. S. 251, 36 Sup. Ct. 269 [Reporter, vol. 6, p. 169]. The words "Maryland Club," as applied to whisky, were evidently considered as a valid trade-mark by both Judge Hough and the circuit court of appeals of the second circuit in *Thomas G. Carroll & Son Co. v. McIlvaine & Baldwin* (C. C.) 171 Fed. 125; *Thomas J. Carroll & Son Co. v. Same*, 183 Fed. 22, 105 C. C. A. 314. To the same effect is *Cahn v. Gottschalk*, 2 N. Y. Supp. 13. See, also, *Heublein v. Adams* (C. C. Mass.) 125 Fed. 782. The case of *Cahn v. Hoffman House*, 9 Misc. Rep. 461, 28 N. Y. Supp. 388, relied upon by the circuit court of appeals of the District of Columbia, is not persuasive in this case, because it does not here appear, as it did there (according to the opinion), that the word "Club," when applied to various kinds of liquor, has a special meaning indicating grade or quality.

In deciding the remaining questions in the case, the plaintiff's and defendant's respective trade-marks, because of their marked similarity, may well be considered as identical. It was found by the examiner, as well as the commissioner, that the plaintiff and its predecessors have used the trade-mark, which is sought to be registered, on their products since the year 1874. In this respect their findings were evidently concurred in by the court of appeals of the District of Columbia. The record in this case also quite conclusively proves its adoption and use by plaintiff's predecessors in the year 1874 or 1875. In 1876 Reed, who originated it, registered one of the labels used by him in the patent office. Copies of newspapers published in Lexington, Ky., in 1876 and 1877, show advertisements of "Reed's Old Lexington Club Hand-Made Sour Mash" whisky. Admittedly the use by the defendant and its pre-

decessors of the words "Lexington Club" does not antedate 1878. Undoubtedly, therefore, plaintiff's predecessors were the first to adopt and to use the designation in question as a trade-mark for whisky:

Nor have I any doubt that the plaintiff has acquired title to the same. It was first adopted and used by J. H. Reed, who was in business by himself for a few months, and then with one Jackson, and later with one Warner. During all of this time it was used by these various firms. Subsequently Warner & Reed became financially embarrassed, and their business was taken over by one of their creditors, from whom the present plaintiff, in 1890, acquired, not only the distillery which formerly belonged to and was operated by Warner & Reed, but all of the latter's stock, trade-marks, etc. The name has been used by plaintiff continuously since that time, as it was likewise used during the time the business was operated by the creditors of Warner & Reed. It appears that in 1878 the words "Lexington Club" were adopted by Freiberg & Workum, who were engaged in the wholesale liquor business at Cincinnati, as a trade-name for certain whisky which was distilled by them at Petersburg, Ky. They operated that distillery and used the trade-mark on their products continuously until 1899, when both the distillery and the trade-mark were sold to the present defendant. Their sales of whisky so branded extended over a large territory and were of considerable volume. Originally Reed did not distill any of the whisky which he sold under the name of "Old Lexington Club," but purchased it. His sales were small and within a limited territory. The sales by Warner & Reed, while more extensive, were nothing like as great at any time as were those of Freiberg & Workum. At the most, they sold, outside of Lexington, Ky., only in New York, Chicago, St. Louis, and Cincinnati, while Freiberg & Workum's sales were made in practically every state in the Union.

Admittedly, the use by the latter of the words "Lexington Club" on whisky manufactured by them was known to the defendant as early as 1890, about the time the plaintiff corporation was formed. Reed knew of it some three or four years after he failed, which was in 1881, and although his knowledge may not be charged to the plaintiff or its predecessors, it is evidence of the fact

that the use by Freiberg & Workum was generally known in the liquor trade, as the amount and extent of their sales would seem to clearly indicate that it must have been. Yet no steps were taken during all of the years intervening between then and 1905 to enjoin such use; nor was any remonstrance made against it. No excuse for the delay is advanced. In the last-mentioned year, a suit was brought in the state courts of Ohio, but apparently was abandoned. During this time the defendant and its predecessors were building up a large business, greater and more extensive territorially than that of the plaintiff and its predecessors, and, necessarily, acquiring a reputation for the products which they manufactured and sold under the trade-name of "Lexington Club." The designation in question, therefore, has come to denote in the public mind the products of the defendant and its predecessors equally as well as, if not more so than, those of the plaintiff and its predecessors. In this sense it is equally the trade-mark of both.

It is urged by the defendant that under these circumstances the plaintiff should not be permitted to register its mark over the objection of the defendant. If the same principles are applicable to an action of this kind as would be applicable to a suit by the present plaintiff to enjoin the use by the defendant of the words "Lexington Club," I think that defendant's contention is sound. I cannot see that this phase of the case can be distinguished on principle from the decision of the circuit court of appeals of this circuit in *Pflugh v. Eagle White Lead Co.*, 185 Fed. 769, 107 C. C. A. 659 [Reporter, vol. 1, p. 101], nor from that of the circuit court of appeals of the second circuit in *Carroll & Son Co. v. McIlvaine*, 183 Fed. 22, 105 C. C. A. 314. In the first of these cases it was said that the continued, persistent, and adverse use of the trade-mark by the defendant, to plaintiff's knowledge, during fourteen years, showed an abandonment of an exclusive claim by the plaintiff, and on such abandonment new rights had, in the meanwhile, arisen on the part of the public. It was held that under such circumstances it would be inequitable to arrest, at that late date, the defendant's trade, which had, with the plaintiff's knowledge, been built up upon its trade-mark. In the latter case, although the plaintiff had established the prior use of the designation "Baltimore Club" as applied to whiskies, it was held that a delay of nearly twenty years, after knowledge

of the use of the same designation by the defendant and its predecessors, to prevent such latter use, was laches, which would disentitle the plaintiff to an injunction against defendant's use, at least in the territory where the defendant had always used the trade-name and where the plaintiff had not competed with it. True, in each of these cases there were other circumstances mentioned in the opinions; but they in no way affected the decisions on the point in question. To the same effect is *Valvoline Oil Co. v. Havoline Oil Co.* (D. C. S. D. N. Y.) 211 Fed. 189, 194 [Reporter, vol. 4, p. 257].

Although it was said by the Supreme Court in *McLean v. Fleming*, 96 U. S. 245, at page 253, 24 L. Ed. 828, that equity courts will not, in general, refuse an injunction on account of delay in seeking relief, where the proof of infringement is clear, and although this doctrine was expressly reaffirmed in *Menendez v. Holt*, 128 U. S. 514, 523, 524, 9 Sup. Ct. 143, 145 (32 L. Ed. 526), yet Mr. Chief Justice Fuller said, in the latter case:

"At the same time, as it is in the exercise of discretionary jurisdiction that the doctrine of reasonable diligence is applied, and those who seek equity must do it, a court might hesitate as to the measure of relief, where the use, by others, for a long period, under assumed permission of the owner, had largely enhanced the reputation of a particular brand. But there is nothing here in the nature of an estoppel—nothing which renders it inequitable to arrest at this stage any further invasion of complainants' rights."

These remarks were considered by the circuit court of appeals in the *Eagle White Lead* suit as a recognition of the doctrine that one will be held to be estopped to assert an exclusive right to a trade-mark when it would be inequitable to permit him to do so.

In *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19, 37, 21 Sup. Ct. 7, 14 (45 L. Ed. 60), it was held that the failure of one for twenty years to seek to prevent others in this country, although such efforts had been made abroad, from using a trade-name, was such laches as prevented relief, although there was no proof of actual knowledge of infringements in this country, Mr. Justice Brown remarking:

"By twenty years of inaction she was permitted the use of the word by numerous other importers, and it is now too late to resuscitate her original title."

French Republic v. Saratoga Vichy Co., 191 U. S. 427, 436, 24 Sup. Ct. 145, 48 L. Ed. 247, is to the same effect.

It would, in my judgment, be most inequitable to interfere

with the defendant's trade under the circumstances of this case. The plaintiff has known of the defendant's use of its trade-name, and has taken no steps whatsoever to prevent it for at least fifteen years, during all of which time defendant has been building up its business, which is far greater and more extensive than that of the plaintiff. For one to permit another to build up a reputation for one's goods under a trade-name for a long period of time, and then to assert an exclusive right to that name, and thereby acquire the benefit of the reputation and trade which the other has built up, when it lay in the power of the former at any time to have arrested the use of the trade-name by the latter, seems to me most inequitable, because, if the right had been asserted before the reputation was acquired, the infringer could have adopted another name and built his reputation on it. It would also tend to further deception upon the public, one of the results which injunctive relief in trade-mark cases seeks to prevent. Of course, if one knowingly and willfully adopts a name which has been used by another, a different situation might be presented. Such a case would exhibit actual fraud, and such, I think, is the distinguishing feature between cases such as this and *Menendez v. Holt*, *supra*. See *Saxlehner v. Eisner & Mendelson*, *supra*, 179 U. S. 39, 21 Sup. Ct. 7, 45 L. Ed. 60. But nothing of that kind appears in this case.

It remains, therefore, to consider whether such a defense is applicable to this kind of a suit. The statute provides that the registration of a trade-mark "shall be *prima facie* evidence of ownership." Section 16. Section 6 permits any one who believes he would be damaged by the registration of a trade-mark to oppose the same. This latter section has been construed to mean, and I think properly so, that the objector must show such interest in the proposed trade-mark that damage may be inferred. *Battle-Creek v. Fuller*, 30 App. D. C. 411; *Underwood v. Dick*, 36 App. D. C. 175 [Reporter, vol. 1, p. 35].

It is urged by the plaintiff that as it has shown a prior adoption and use of the mark, and as the registration thereof would be only *prima facie* evidence of ownership, the defendant could not be damaged by the registration, because it would have the same right to assert the defense, which it now urges, in any suit which might be brought for an infringement of the trade-mark so registered, as

if it were not registered. There are, I think, several answers to this contention. In the first place I think that the principle under which relief is denied in the cases before mentioned is that the one asserting the exclusive right, although he had such a right at one time, no longer has it, either on the theory that the right has been lost, or that he is estopped from asserting it, or from denying that it has been abandoned. The latter was considered by the circuit court of appeals of the Eighth Circuit in *Layton Pure Food Co. v. Church & Dwight*, 182 Fed. 35, 41, 104 C. C. A. 475, 32 L. R. A. (N. S.) 274, and apparently by the circuit court of appeals of this circuit in the Eagle White Lead suit, *supra*, to be the principle underlying such cases.

Under any of these theories the defendant would be damaged by the registration of the trade-mark, because it would confer upon the plaintiff a right to which it is not entitled, and which it could assert against the defendant, namely, a *prima facie* title. Further, it would seem to be ridiculous for a court to direct the registration of a trade-mark over the opposition of another, when, under the facts presented, it would not permit the owner of the trade-mark the exclusive right to use the same as against the other. In addition, I can readily see that damage would result to the defendant if the plaintiff were permitted to register this trade-mark, because in any suit hereafter brought against the defendant for infringement thereof the burden of disproving the plaintiff's title to the trade-mark as against the defendant would be cast upon the latter. Finally, the trade-mark in question, because of its similarity to that of the defendant and the circumstances before mentioned, is as much the defendant's trade-mark as it is the plaintiff's. This view, I think, is in harmony with that line of cases which hold that one may have a trade-mark in one section and another the same mark in a different section. *Hanover Star Milling Co. v. Allen & Wheeler Co.*, 208 Fed. 513, 125 C. C. A. 515 [Reporter, vol. 3, p. 521]; *Carroll v. McIlwaine*, *supra*; *Levy v. Waitt*, 61 Fed. 1008, 10 C. C. A. 227, 25 L. R. A. 190 (C. C. A. 1st Cir.).

It follows, therefore, that plaintiff is not entitled to have this trade-mark registered, and hence that the bill should be dismissed, with costs.

HOWARD DUSTLESS DUSTER COMPANY V. L. CLINTON CARLETON,
et al.

United States District Court, District of Connecticut

October 6, 1916

1. UNFAIR COMPETITION—ACCOUNTING—PROFITS.

The owner of a trade-mark is entitled to recover of an infringer the profits arising from the sale of spurious goods with the trade-mark upon them and is not limited to the difference between the price for which the spurious goods would sell with and the price of the same goods without the trade-mark. The plaintiff on an accounting need not, therefore, show that it has lost any sales by the infringement.

2. UNFAIR COMPETITION—ACCOUNTING—BURDEN OF PROOF.

There is a presumption that the sales of all goods bearing the infringing mark were due to the mark and any evidence to the contrary must be produced by the defendant, the only person who knows the facts or could make such proof.

3. UNFAIR COMPETITION—ACCOUNTING—EQUITY RULE 63.

Where the defendant, under equity rule 63, submits an affidavit showing that it cannot state the amount of profits on any one branch of goods manufactured by it, it is proper to disallow all items of cost charged by the defendant against the goods involved in the accounting.

On hearing of exceptions to master's report. On accounting.
Confirmed.

For opinion on final hearing see 5 Trade-Mark Rep., 141.

For opinions on demurrer and on motion, see 1 Trade-Mark Rep., pp. 110, 225.

Oliver Mitchell, Esq., of Boston, Mass. for Plaintiff.

Willard B. Luther, Esq., of Boston, Mass. for Defendants.

THOMAS, District Judge: This case is now before the Court on defendant's exceptions to the report of the master, to whom it was referred after the entry of the interlocutory judgment awarding the plaintiff an injunction. The injunction was granted on the theory that although the defendant, The Tate Manufacturing Co., had the full right to manufacture and sell its black dust cloth so long as it did not furnish it in a package resembling that of the plaintiff, yet

"If The Tate Manufacturing Co. has made and sold its dust cloths to Carleton, which the latter sold, so that they may be or have been actually used by Carleton

so as to mislead the public, it became a joint tortfeasor with Carleton and is guilty of contributory infringement of plaintiff's rights,—the means of deceiving purchasers giving a right of action."

The defendants thereupon presented before the master their account in the form of debit and credit, following the practice as directed in Equity Rule 63, and no examination was had *vive voce* or upon interrogatories, and no evidence was offered by the plaintiff.

The master thereupon filed his report, finding profits due from The Tate Manufacturing Co. in the sum of \$434.63, and from Carleton in the sum of \$90. The Tate Manufacturing Co. has alone excepted to this report, filing two exceptions which raise substantially the following points: first, that the plaintiff, not having shown that it has lost any sales it otherwise would have made but for the acts of this defendant, is entitled to a merely nominal award for damages and is not entitled to recover any profits whatever; and second, that the master erred in finding on the uncontroverted affidavit of The Tate Manufacturing Co., the same being incorporated in his report, that its affidavit of cost in connection with the manufacture of dust cloths was too indefinite and uncertain to be allowed as to any of its items, whereas most of these are entirely definite and all are uncontradicted.

1. The defendant bases its argument upon the erroneous assumption that the showing of lost profits in a trade-mark or unfair competition case is the foundation of the plaintiff's right of recovery. In *Benkert v. Feder*, 34 Fed. 534, Judge Sawyer held that there was no just analogy between the infringement of a patent for a machine and a trade-mark (and trade-mark infringement is but a specific form of unfair competition), and that the owner of a trade-mark is entitled to recover of an infringer, the profits arising from the sale of the spurious goods with the trade-mark impressed upon them, and is not limited to the difference between the price for which the spurious goods would sell with, and the price of the same goods without the trade-mark impressed upon them. In the course of his opinion, at page 535, the learned Judge said:

"To adopt as the measure of compensation for such injuries the difference between the price for which the spurious goods would sell without the trade-mark and for which they will sell with it imprinted thereon would be a mockery of justice. In my judgment the infringer should at least account for the entire profits made

upon the goods wrongfully sold with the trade-mark impressed thereon. And this is the rule established, after mature consideration, in *Graham v. Plate*, 40 Cal. 598; *Sawyer v. Kellogg*, 9 Fed. Rep. 601. There may also be damages beyond the mere profits resulting to the owner of the trade-mark infringed, which he may recover. See, also, Cod. Trade-Marks, §§ 237, 246. I do not think there is any just analogy with respect to profits and damages between the infringement of a trade-mark and a patent for an improvement in a machine. A machine may embrace inventions for half a dozen improvements, for each of which there is a patent held by different individuals. One machine might infringe them all. In such case, each would be entitled to recover the profits attributable to his own invention, and not the profits made upon the machine as an entirety. There is no analogy to such a case on the infringement of a trade-mark. The infringer fraudulently attaching another man's property to his own occasions only a confusion of property with a view of taking advantage of that other's property. The trade-mark sells the whole article, however inferior or injurious in that particular, and prevents the sale of the owner's goods of equal amount. At least that is the fraudulent purpose, and the natural tendency, whether always accomplished or not; and the injured party should have at least the whole profit resulting from the wrongful act, and such I understand and hold the rule to be. The damage may be much more arising from destroying the reputation of the owner's goods."

This opinion was subsequently affirmed by the circuit court of appeals for the ninth circuit in 70 Fed. 113.

To the same effect is the decision of the supreme judicial court of Massachusetts in *Reading Stove Works v. Howe*, 201 Mass. 437, where it is held that a manufacturer of detachable parts of stoves, who wrongfully sells such parts as the product of another manufacturer by making them with the trade-mark and trade-name of such other manufacturer, is liable in a suit in equity to account for the entire profits, if any, which he has derived from the sale of parts bearing the infringing marks. Another case directly in point is *W. R. Lynn Shoe Co. v. Auburn-Lynn Shoe Co.*, 100 Maine, 461, where it is held as well settled that the profits recoverable in equity for unfair competition are governed by the same rule as the cases of trade-marks, and that

"The rule which now prevails in the equity courts respecting the wrongdoer's accountability for the 'profits and damages' resulting from his unlawful acts, requires the master not only to take an account of all profits made by the defendant, but also to make an inquiry in regard to all damages sustained by the plaintiff on account of the defendant's wrongful acts, and since it cannot be ascertained with any reasonable certainty how much of the profit is due to the trade-mark and how much to the intrinsic value of the commodity, the whole will be awarded to the plaintiff. It is equally well settled that the profits recoverable in equity for unfair competition are governed by the same rule as in cases of infringement of trade-marks and are not limited to such as accrue from sales in which it is shown that the customer is actually deceived, but include all made on the goods sold in the simulated dress or package, and in violation of the rights of the original proprietor. *Fairbank Co. v. Windsor*, 118 Fed. 96; *Bankert v. Feder*, 34 Fed. 534; *Williams v. Mitchell*, 106 Fed. 168; *Sawyer v. Kellogg*, 9 Fed. 601; *Saxlehner v. Eisner & Mendelson Co.*,

179 U. S. 19; *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169; *Graham v. Plate*, 40 Cal. 593; *Avery v. Meikle*, 85 Ky. 435; *McLean v. Fleming*, 96 U. S. 437."

Other decisions bearing out this proposition are *Regis v. Jaynes*, 191 Mass. 245, 249; *Lever v. Goodwin*, 36 Ch. Div. 1; and *Hamilton Shoe Co. v. Wolf Bros.*, 240 U. S. 251, 262 [Reporter, vol. 6, p. 169].

Under this rule it seems clear that there was no error on the part of the master in refusing to rule that the plaintiff, not having shown that it would have sold to any of the parties to whom Carleton sold is not entitled to recover any profits whatsoever. Moreover, there was the *prima facie* presumption that the sales of all dust cloths bearing the infringing wrapper, packing, etc., were due to the wrapping, packing, etc., and any evidence to the contrary, if such there was, should have been produced by the defendants, for they are the only persons who know the facts, or could make the proof.

2. In my opinion, the master did not err in disallowing all cost items of The Tate Manufacturing Co. In its affidavit it stated that it was unable to state the exact profits on any one branch of goods manufactured, and the master's conclusion was that this statement was "so indefinite and uncertain . . . as to render it utterly impossible to determine with any approach to accuracy any approximation of the profits." As was said by Judge Sawyer in *Benkert v. Feder*, *supra*,

"The trade-mark sells the whole article, however inferior or injurious in that particular, and prevents the sale of the owner's goods of equal amount,"

and

"the injured party should have at least the whole profit resulting from the wrongful act."

The vice of the defendant's argument is that it erroneously assumes that the profits recoverable in equity for unfair competition do not include all sales, and are limited to such as accrue from sales in which it is shown that the customer is actually deceived.

The authorities cited show that this is not the law, but that the damages do include all sales made of the goods sold in the simulated trade-mark or package, and in violation of the rights of the original proprietor. If that is so, the question as to the exact profits on any one branch of goods manufactured is immaterial. Especially is this the case here, where it cannot be ascertained

with any reasonable certainty, how much of the profit is due to the trade-mark and how much to the intrinsic value of the commodity.

The real fact is that the facts admitted by the defendant in its account and affidavit made a *prima facie* account for the plaintiff—viz.: (a) the amount of sales; (b) that some profits were made, and (c) the defendant's treasurer was unable, from the books or otherwise, to more than estimate the amount of profits, and the defendant has not discharged itself of the burden of proof cast upon it.

Let an order be entered overruling the exceptions and confirming the report of the master.

AUNT JEMIMA COMPANY V. RIGNEY & COMPANY

(234 Fed. Rep., 804)

United States District Court, Eastern District of New York

July 26, 1916

1. UNFAIR COMPETITION—RESULTING INJURY.

Where there is no injury suffered by the complainant, there can be no unfair competition and no basis for an action to enjoin same. The right to object to the use of one's trade-mark by another is limited to the use thereof upon goods which compete with one's own.

2. UNFAIR COMPETITION—DECEPTION OF THE PUBLIC.

The mere deception of the public gives no private right of action. The fact that goods are wrongfully represented to the public by the misuse of a trade-mark as the product of another, gives the latter no right of action where his own business is not interfered with.

3. UNFAIR COMPETITION—PROFIT TO THE COMPETITOR.

The mere fact that by misuse of a trade-mark, a dealer is profiting by the reputation of other goods and by the goodwill of another company, does not, in the absence of competition, afford the latter company any ground for action.

4. UNFAIR COMPETITION—GOODS OF THE SAME DESCRIPTIVE PROPERTIES.

Syrup and flour are not goods of the same descriptive properties, although both articles of food for human use. The rights of the owner of a trade-mark for flour are not, therefore, infringed by another's use of this mark upon syrup.

In Equity. On final hearing. Bill of complaint dismissed.

Hugo Mock, of New York City, for complainant.

Owen, Owen & Crampton, of Toledo, Ohio (*F. F. Crampton*, of Toledo, Ohio, of counsel), for defendant.

VEEDER, District Judge: This is a suit for infringement of a registered trade-mark and for unfair competition. It appears

that the Davis Milling Company, a Missouri corporation engaged at St. Joseph in the manufacture and sale of various kinds of flour, adopted about 1890 the name "Aunt Jemima's," together with a fanciful picture of a colored woman, as a mark for its pancake flour. On April 3, 1906, a certificate of registration was granted to it by the patent office for this mark as a "trade-mark for self-rising flour." In 1914 the Davis Milling Company was reorganized as the Aunt Jemima Mills Company, to which the foregoing trade-mark was duly assigned. Meanwhile, Rigney & Co., a New York corporation engaged in the manufacture of syrups, rock candy, etc., in the Borough of Brooklyn, adopted in February, 1908, a similar mark for a pancake syrup made by it. On December 29, 1908, a certificate of registration was granted to it by the patent office for this mark as a "trade-mark for pancake syrup and sugar cream." Upon its adoption of this mark for its pancake syrup the defendant notified the Davis Milling Company, and suggested a scheme of co-operation. This suggestion was eventually rejected, but the complainant did nothing to challenge the defendant's right to its use of the mark until this suit was instituted, November 15, 1915.

There is no trade-mark infringement here. To sustain a charge of infringement, the owner must have used it on goods of the same descriptive properties as the goods sold by the alleged infringer. The complainant's predecessor in title applied for and was granted this mark for use on flour. Two years later the defendant applied for and was granted a similar mark for use on syrup. The question under the statute is whether these articles have the same descriptive properties. A mark may be said to be appropriated to merchandise of the same descriptive qualities when the essential characteristics of the goods are the same. *Phanix Paint & Varnish Co. v. John T. Lewis & Bros.*, 32 App. D. C. 285. Unless this be true, the mere similarity of the marks becomes immaterial. The law places no inhibition upon the use of the same mark by different persons, so long as the goods to which it is applied are so distinctive in their essential characteristics as to preclude the probability of confusion in trade. *G. J. Tire Co. v. G. J. G. Motor Car Co.*, 39 App. D. C. 508 [Reporter, vol. 3, p. 243]. Flour and syrup are so distinctive. The com-

plainant is limited to its registration for flour. It could not extend its registration to syrup; for, never having made syrup, it had not in fact used the mark on syrup. Valid registration of a trade-mark is acquired, not by the invention or adoption of a word or symbol, but solely by affixing it to an article of merchandise as a mark; it is the trade, not the mark, that is protected. In other words, a registrant is entitled to *prima facie* ownership only of the field which he has actually appropriated. *Hump Hairpin Co. v. De Long Hook & Eye Co.*, 39 App. D. C. 484 [Reporter, vol. 3, p. 238].

The same considerations are practically decisive of the issue of unfair competition. The objects of the law of unfair competition as stated by the circuit court of appeals of this circuit in *Florence Mfg. Co. v. J. C. Dowd & Co.*, 178 Fed. 73, 101 C. C. A. 565, are:

"First, to protect the honest trader in the business which fairly belongs to him; second to punish the dishonest trader who is taking his competitor's business away by unfair means; and, third, to protect the public from deception."

The fundamental basis of the private remedy is, however, not the protection of the public from imposition, but injury to the complainant. That the public is deceived may be evidence of the fact that the original proprietor's rights are being invaded. If, however, the rights of the original proprietor are in no wise interfered with, the deception of the public is no concern of a court of chancery. So, although fraudulent conduct which is calculated to deceive the public is a necessary element, it is the private loss of the complainant that is to be prevented, not the public injury arising to others. This is in conformity with general principles. A court of equity cannot enforce as such the police power of the state. It is not sufficient, therefore, that the use of a mark by a subsequent appropriator is calculated to deceive the public into believing that his goods are the goods of, that is, made by, the original proprietor of the mark. These principles were fully formulated by Lord Chancellor Westbury so long ago as the case of *Leather Cloth Co. v. American Leather Cloth Co.*, 11 H. L. Cas. 523. See the statement by Circuit Judge (now Mr. Justice) Day in the leading case of *American Washboard Co. v. Saginaw Mfg. Co.* (C. C.) 103 Fed. 281, and by Judge Swayze in the recent case of *Munn & Co. v. Americana Co.*, 83 N. J. Eq. 309 [Reporter, vol. 6, p. 337].

Also *Borden's Condensed Milk Co. v. Borden Ice Cream Co.* (C. C.) 201 Fed. 510 [Reporter, vol. 3, p. 80], *Borthwick v. The Evening Post*, 37 Ch. D. 449, and *Weener v. Brayton*, 152 Mass. 101, 25 N. E. 46, 8 L. R. A. 640.

The nature of the private injury essential to the maintenance of the action is expressed in the title of the offense in terms of competition. Hence it is sometimes stated that where there is no competition there can be no action. *Simplex Automobile Co. v. Kahnweiler*, 162 App. Div. 480 [Reporter, vol. 4, p. 353]. Doubtless this is usually a sufficient statement. If two articles differ in their descriptive qualities so that one is not likely to be taken by consumers for the other, then there is no direct competition in trade and ordinarily no injury. But I prefer to define the action in broad terms as resting upon injury arising from the act of the subsequent appropriator of a mark. For there may be injury other than that arising from direct competition in the sale of the product to which a mark is attached; as, for instance, in the case of *British-American Tobacco Co. v. British-American Cigar Stores Co.*, 211 Fed. 933, 128 C. C. A. 431 [Reporter, vol. 4, p. 293], where the court relied in part upon the probable confusion in the market in the stocks and securities of two corporations.

So, also, with respect to "unfairness." The mere fact of damage or probability of damage is not conclusive, since damage may result from lawful acts, such as legitimate competition. Fraudulent conduct on the part of the defendant is a necessary element, but fraudulent conduct without injury to the complainant does not suffice. *Munn v. Americana Co.*, *supra*; *Borthwick v. The Evening Post*, *supra*. That is to say, it is a question of fact, not merely of intention. Unless the defendant has adopted means calculated to injure the complainant through unfair competition, the intention is immaterial. *G. W. Cole Co. v. American Cement & Oil Co.*, 130 Fed. 703, 65 C. C. A. 105.

Applying these principles to the facts of this case, it is apparent that there can be no direct competition in trade between flour and syrup, for their descriptive qualities are dissimilar. Although the question whether articles belong to competitive classes is a question of fact rather than of law, the reports are replete with illustrations of the principle. In the following cases the articles mentioned were held to be of different descriptive qualities or classes: *George v. Smith* (C. C.) 52 Fed. 830 (canned salmon and

canned tomatoes and peaches); *Borden's Condensed Milk Co. v. Borden Ice Cream Co.* (C.C.) 201 Fed. 510 (ice cream and milk) [Reporter, vol. 3, p. 80]; *Lawrence v. P. E. Sharpless Co.* (D.C.) 203 Fed. 762 (butter and cheese) [Reporter, vol. 3, p. 211]; *Atlas Mfg. Co. v. Street & Smith*, 204 Fed. 398, 122 C. C. A. 568 [Reporter, vol. 3, p. 259] (the title of a periodical devoted to fiction and the name of a personage shown on a moving picture film); *Simplex Automobile Co. v. Kahnweiler*, 162 App. Div. 480 [Reporter, vol. 4, p. 353] (automobiles and fire extinguishers); *Anglo-Swiss Condensed Milk Co. v. Metcalf*, 31 Ch. D. 454 (condensed milk and butterine and eggs); *Borthwick v. The Evening Post*, 37 Ch. D. 449 (Morning Post and Evening Post, as titles for newspapers). To the same effect are the following decisions of the court of appeals of the District of Columbia on issues of interference in trade-mark registration: *Peter Schoenhofen Brewing Co. v. John Sexton & Co.*, 41 App. D. C. 510 (grape juice and lager beer); *G. J. Tire Co. v. G. J. G. Motor Car Co.*, 39 App. D. C. 508 (automobiles and rubber tires) [Reporter, vol. 3, p. 243]; *Hump Hairpin Co. v. De Long Hook & Eye Co.*, 39 App. D. C. 484 (hairpins and hooks and eyes) [Reporter, vol. 3, p. 238]; *Johnson Educator Food Co. v. Sylvanus Smith & Co., Inc.*, 37 App. D. C. 107 (crackers, biscuits, bread, and breakfast cereals, and salt, smoked, pickled, and canned fish) [Reporter, vol. 2, p. 90]; *Muralo Co. v. National Lead Co.*, 36 App. D. C. 541 (kalsomine and white lead) [Reporter, vol. 1, p. 50]. On the other hand, in the following cases in this circuit the use of similar marks has been enjoined: *Florence Mfg. Co. v. J. C. Dowd & Co.*, 178 Fed. 73, 101 C. C. A. 565 (toilet brushes and tooth brushes); *British-American Tobacco Co., Ltd. v. British-American Cigar Stores Co.*, 211 Fed. 933, 128 C. C. A. 431 [Reporter, vol. 4, p. 293] (wholesale and retail dealers in tobacco); *American Tobacco Co. v. Polacsek* (C.C.) 170 Fed. 117 (smoking and chewing tobacco and cigarettes); *Van Zile v. Norub Mfg. Co.* (D.C.) 228 Fed. 829 (a laundry washing aid and a germicide and cleansing powder for use in sweeping) [Reporter, vol. 6, p. 221].

The essential characteristics of flour and syrup are dissimilar. It is true that both are designed for human consumption as articles of food. But in other respects they differ as a hat or a glove differs from a shoe, though both are articles of wearing apparel. No one desiring to purchase flour would accept syrup without knowing the difference. That is the test. *Muralo Co. v. National*

Lead Co., 36 App. D. C. 541 [Reporter, vol. 1, p. 50]; *Johnson Educator Food Co. v. Syllanus Smith & Co., Inc.*, 37 App. D. C. 107 [Reporter, vol. 2, p. 90], and cases above cited. If a consumer familiar with the mark used on the complainant's flour should conclude upon seeing the same mark on the defendant's syrup that the complainant had extended its business to sugar, it would be because of no confusion in his mind between the two articles. To regard the trade-mark right as including both would be to give it the effect of a trade-name upon all goods made by a particular company, instead of the effect of a trade-mark used upon particular goods. The complainant is here relying upon a trade-mark, not a trade-name. Of course, it can derive no adventitious advantage from its adoption of part of its mark as its corporate name six years after the known adoption and continuous use by the defendant of the mark upon its own product.

Indeed, I do not understand that the complainant argues seriously that there is any competition between flour and syrup. It does, however, assert a right to relief on two other grounds: First, that the defendant is deceiving the public into believing that its syrup is made by the complainant, and thereby unlawfully availing itself of the complainant's reputation and extensive advertising; and, second, that the complainant has been, or at all events may be, injured by the sale by the defendant of an inferior product.

The first contention may be answered in the language of Lord Justice Bowen in *Borthwick v. The Evening Post*, *supra*, where the proprietors of a morning newspaper sought to enjoin the use by an evening newspaper of the same name:

"I do not hesitate to draw the inference that the title was taken to deceive somebody. But that is not enough. Is it calculated to deceive the public in a way which would injure the Morning Post? It may be that it is taken to deceive the public without injuring the Morning Post. In my opinion that is exactly what has happened in this case."

"Care must be taken in these cases," as Vice Chancellor Garrison said in *Perlberg v. Smith*, 70 N. J. Eq. 638, 62 Atl. 442, "not to extend the meaning of the word 'unfair' to that which may be unethical but not illegal. It may be unethical for one trader to take advantage of the advertising of his neighbor, but his so doing would in many cases be entirely legal."

Such is the case here. Doubtless it is deceptive, and therefore morally wrong, for the defendant to suggest or intimate that his goods are made by the complainant. But this does not give rise to a private right of action, because no interference with the

complainant's trade is shown. To punish an immoral, or even a dishonest, trader, without such proof, would be to enforce the police power of the state. The defendant may well, and does, assert that co-operative or joint association in the exploitation and sale of two food products consumed together tends to increase the sale of each. The defendant may, and probably does, profit by the use of this mark, but there is no proof of injury to the complainant.

With respect to the remaining contention, the bill alleges injury to the complainant by reason of the fact that the defendant's syrup is of an inferior quality and unfit for use. There is no proof which warrants any such finding, nor any indicating any probability that such will be the fact. It is urged, however, that the possibility remains. But a court of equity may not act upon a suggestion of possible injury; there must be proof at least of reasonable probability of injury.

The complaint is dismissed, but, under the circumstances, without costs to the defendant.

UNIVERSAL SAVINGS CORPORATION V. MORRIS PLAN COMPANY
OF NEW YORK, et al.

(234 Fed. Rep., 382)

United States District Court

Southern District of New York, January 28, 1916

UNFAIR COMPETITION—APPROPRIATION OF IDEA.

Whether any property right exists in an idea or plan for conducting business without physical means or devices for carrying it out, *query*; plaintiff's plan of industrial banking *held* not to have been appropriated by the defendant, whose scheme was essentially different.

In Equity. On final hearing. Decree for defendants.

S. M. Brandt, of Norfolk, Va., and *Olcott, Gruber, Bonyng & McManus*, of New York City, for complainant.

Satterlee, Canfield & Stone, of New York City (*R. Randolph Hicks*, of Norfolk, Va., and *Harlan F. Stone* and *Huger W. Jervey*, both of New York City, of counsel) for defendants.

HAZEL, District Judge. This is a bill in equity for an accounting and for an injunction to prevent the defendant corpora-

tion, the Morris Plan Company of New York, and the individual defendants, from appropriating or using the plan of industrial banking, referred to as the Morris plan of industrial banking, of which the complainant, the Universal Savings Corporation, claims to be the owner. It is averred in the bill that in 1898 this idea or conception of a plan of industrial banking originated with David Stein, whose object or purpose was to establish a system of banking peculiarly adapted for use by workingmen, mechanics, or persons without financial means or credit, who, having no security, are ordinarily unable to obtain loans without the payment of exorbitant interest. It was believed that money might safely be loaned to a person on receipt of his promissory note, in which two other persons similarly situated financially had joined, by requiring the amount advanced to be repaid in fifty weekly installments, and by requiring the borrower to buy the investment stock of the banking association to the value of the amount borrowed, thus creating a fund which at the end of the installment period would equal the amount borrowed. Under said plan the borrower, on maturity of the note, was to have the option of using the installment accumulation either for paying the debt or for a share of the paid-up stock bearing interest at five per cent, which was usable as collateral for other loans or could be hypothecated by the lender to discharge the original debt. The bill also alleges that the stock of the proposed banking association was to be divided into A, B, and C classes. In complainant's brief it is stated that class A is the installment stock, divided into shares of \$50 each, payable in weekly installments of \$1; B, the capital stock, of the par value of \$100; and C, the investment stock, also payable on the installment plan of \$1 per week, said stock being \$50 per share.

The defenses are: (1) That the complainant's system is not the system under which defendants operate; (2) that there was no property right in complainant's plan or system; (3) abandonment and dedication to the public; (4) that the conception or idea, if it constituted a property right, was vested in Stein's trustee in bankruptcy; (5) laches; and (6) *res adjudicata*.

In support of the allegations of the bill there was testimony showing that in the year 1901, at Newport News, Va., David Stein, complainant's assignor, assisted in the organization of the

Merchants' & Mechanics' Savings Association, which adopted his alleged invention or plan of banking; that he was a director of the association for a short time; and that the witness Batchelor, an attorney, prepared the charter, by-laws, form of notes, and application blanks used by said association. Subsequently, in 1904, Stein interested the defendant, Arthur J. Morris, a practicing attorney, in a proposal to organize at Norfolk, Va., a banking association similar to that of the Merchants' & Mechanics' Savings Association, and submitted to Morris a letter (Plaintiff's Exhibit 1) accompanied by a table, purporting to explain in detail his method of operation, and requesting Morris to call a meeting of persons with a view to perfecting the organization of such a company. He testified that it was agreed between him and Morris that, if the meeting eventuated in an association, he should be manager, and Morris counsel, thereof, and that he enjoined Morris from using said plan, table, or system without his consent; but there was substantial contradiction of such testimony by Morris.

However, the proofs show that in October, 1904, a meeting was held in the Monticello Hotel at Norfolk, attended by various persons, to whom Stein was introduced by Morris as the originator of the plan of banking under which the Merchants' & Merchants' Savings Association of Newport News was being operated. At this meeting reference was made to Plaintiff's Exhibit 1 to demonstrate the possible accumulations on an investment of a certain amount of money in accordance with the Stein plan, subject to losses and expenses of operation; but no definite action was taken, although it appears that a prospectus and subscription agreement, dated March 5, 1905 (Plaintiff's Exhibit 2), was later prepared by Morris, and signed by him and one Upton and a third person. Little was done to obtain further subscriptions, and the proposed banking organization did not materialize.

To show continued connection by Morris with the Stein plan to the year 1907, Stein gave testimony that efforts were made to apply the said plan to the Portsmouth Investment Company, a corporation about to be liquidated, and a new prospectus and subscription agreement (Plaintiff's Exhibit 3) were prepared; but such testimony is not fully credited. Morris, though admitting that he prepared the prospectus (Plaintiff's Exhibit 2), based upon the

by-laws of the Merchants' & Mechanics' Savings Association, denies having prepared Plaintiff's Exhibit 3, and claims that it was not written in his office. His stenographer corroborates such testimony. Stein swore also that his relations with Morris continued practically down to the incorporation of the Fidelity Savings & Trust Company; that he frequently discussed his plan with Morris and counseled with him in relation thereto; and that he believed the latter was continuing his efforts towards promoting the desired organization. Morris, however, contradicted such testimony, claiming that his connection with the matter positively ceased in 1905, and that he advised Stein to counsel with the witness Upton, who perhaps could help him. On this point there was much dispute, but the burden rested upon complainant to prove by a fair preponderance of the evidence that such relations continued, and that Stein had reason to believe that Morris would continue to promote the original undertaking. In this it has failed. There is evidence that Stein subsequently conferred with Upton, to whom Morris delivered the prospectus prepared by him; but little was done to organize a company, and the work of promotion was apparently abandoned.

About five years later, in April, 1910, the Fidelity Savings & Trust Company was organized by Morris under chapter 49a of the Code of Virginia. Such company concededly embodies the Morris plan of industrial banking, notwithstanding its organization under the statute law of the state of Virginia, and I think was essentially different from Stein's plan of banking, or the plan under which the Merchants' & Mechanics' Savings Association was carrying on its business. It is true the form of notes, application blanks, constitution, and by-laws were perhaps modeled on those of the Merchants' & Mechanics' Savings Association, and that there were other similarities; but such similar features, as hereinafter stated, were old expedients.

It appears that since its organization the Fidelity Savings & Trust Company has been successfully operated, and that numerous banks have been organized throughout the country, with large capital stocks, to engage in such plan of banking, all meeting with extraordinary success. Demands for banks of this kind have become so extensive as to necessitate the formation of the Fidelity Corporation of America and the Industrial Finance Corporation

of New York as organizing agencies to supply such demand. It is pointed out that the popularity of such institutions is indicated by the fact that the Industrial Finance Corporation of New York began business in June, 1914, with a subscribed capital stock of \$1,500,000 and an authorized capital of \$7,000,000, and was instrumental in the organization of the Morris Plan Company of New York, defendant herein.

The principal question is whether the respective plans of banking under discussion are substantially similar. I think they are fundamentally different. There are, of course, similar elements embodied in each plan; but the feature of a fixed capital subscribed by independent investors, present in the Morris plan, but not in the Stein plan, is of vital importance, and makes the former plan appeal more readily to investors than the Stein plan, wherein the organizers subscribe for capital stock payable in installments; the fund so obtained being loaned out, and the borrower at the time of borrowing receiving investment stock convertible into capital stock. Under the Morris plan, on the contrary, the borrower purchased certificates of investment, or obligations of the company, which were not convertible into capital stock. The witness Williams, a banking expert, clearly differentiated the two plans, showing that one is operated upon a mutual basis, the members or borrowers subscribing to the capital stock and participating in the profits and losses, and the other upon a fixed capital, the stockholders being the managers and proprietors of the banking institution, and the borrowers and savers not participating in the profits and losses.

Complainant, however, contends that the letter and table delivered by Stein to Morris disclose a fixed capital stock in the Stein plan. True enough, the letter indicates a capital stock realized by the sale of class A stock, and states that the profits will inure to the benefit of B stock, and that "we will also sell more B stock, * * * from which these people will not get any profits before the annual meeting." The wording of the letter conveys the idea that the plan was mutual in its character, the members and borrowers contributing the capital stock, which was not a fixed capital stock, but one that fluctuated. That this is a proper interpretation is shown by article 2, sections 5 and 6, of the by-laws

of the Merchants' & Mechanics' Savings Association, which substantially provide that holders of A stock can convert the same into B stock. The table shows a calculation of profits to be derived from loaning \$20,000 in accordance with the Stein plan; the theory being that payments and interest would be immediately reloaned on similar terms. In my judgment there is no property right in such table, as it is merely a mathematical computation.

The feature of accepting as security for a loan to one of the makers a note made by him and two joint makers, as a guaranty of good character, without requiring as security either real estate or personal property, was not a new expedient; such being a known form of security in co-operative banking institutions abroad. In the pamphlet of Henry W. Wolff in evidence, published 1898, it appears that in so-called village banks or friendly societies, limiting the borrowing powers of members, notes of hand signed by two sureties were deemed sufficient security, and it is stated therein that payment of loans by weekly installments was a method generally adopted by loan societies and similar bodies, although perhaps not the best method for village banks. Members of such savings societies are required to take up a share in the society, for which they may pay in one sum or in weekly installments. There is also testimony to the effect that Stein remarked to various witnesses at the time of the organization of the Merchants' & Mechanics' Savings Association that he had become acquainted with the plan under which it was being organized in Russia. However this may be, it is difficult to conceive that a property right exists in an idea or scheme for conducting business without physical means or devices for carrying it out. *Bristol v. E. L. A. Society*, 52 Hun, 161, 5 N. Y. Supp. 131; *Burnell v. Chown* (C. C.) 69 Fed. 993; *Bristol v. E. L. A. Society*, 132 N. Y. 264, 30 N. E. 506, 28 Am. St. Rep. 568.

Inasmuch as I have reached the conclusion that the defendants are not appropriating the plan of Stein, or the result of labor or research on his part, but have merely adapted known features in connection with features originated by Morris to a system of industrial banking, it is unnecessary to pass upon the defenses of laches, *res adjudicata*, and the trustee's title to the Stein plan.

The bill is without equity, and is dismissed, with costs.

WALTHAM WATCH COMPANY V. SAMUEL J. ST. CLAIR

*United States District Court**Southern District of New York, April 8, 1916*

UNFAIR COMPETITION—PROPER NAME.

The use of the name "Wertheim" upon a watch, printed in a form of lettering long associated with the name "Waltham" upon watches, leads to deception and it is unfair competition.

Injunction granted to restrain the use of the word in this form of lettering.

Crawford, Harris & Goodwin, for plaintiff.

Milton M. Brooke, for defendant.

HOUGH, D. J.: While this is a trivial matter so far as money is concerned, I am convinced that defendant is carrying on a small but active campaign of deception.

He has not advertised, nor probably openly stated, even to a prospective customer, that the "Wertheim" watch is a Waltham watch; but he has so arranged new Wertheim and old Waltham watches in his window as to encourage mistakes among the ignorant, and if any one of the ignorant seems impressed with the idea that Wertheim is Waltham—he has encouraged the mistake.

He could not carry this deception through if it were not for the shape of the letters spelling "Wertheim" upon the face of the watch in question.

It requires careful observation, and rather a keen eye, to read the word "Wertheim" at all, and since it is in letters long associated with one brand of Waltham watch, I think it is one of those unnecessary and non-functional similarities or imitations which constitute the essence of unfair competition and trade-mark infringement.

Upon the filing of a bond in the sum of \$250 the plaintiff may take an injunction *pendents lite* substantially following the first and second prayers of the bill; but it is also held that if the defendant should change, or have changed, the letters of the word "Wertheim" upon the watch face to a form of letters not used by

the Waltham Company upon any of its watch faces—such changed legend would not be held to violate the injunction granted.

Under any circumstances, however, plaintiff is entitled to an injunction against the false representations sufficiently proven by the moving papers herein.

THE BALDWIN PIANO CO. V. R. S. HOWARD CO.

(233 Fed. Rep., 446)

United States District Court

Southern District of New York, May 23, 1916

UNFAIR COMPETITION—FORM OF DECREE.
Scope of injunction determined.

On settlement of final decree. For decision on final hearing see Reporter, vol. 6, p. 310.

Lawrence Maxwell, Edmund Wetmore, John Cross and Oscar N. Jeffery, for plaintiff.
Samuel S. Watson, for defendant.

HOUGH, D. J.: After reflection, I am convinced that the proper order should preserve that status of the parties to this suit which existed until the defendant began to stamp "Howard" merely on the back of its pianos and to encourage advertising (if not to advertise itself) under the name "Howard" alone.

The defendant has never used "Robert S. Howard" or "R. S. Howard" without the suffix "Company" or "Co." There is no reason why it should do it; there is no evidence that it has any right to do it—although Mr. Howard could doubtless create that right (so far as he is concerned) at any moment.

The plaintiff has the superior right, and that superior right can best be maintained by requiring the suffix "Company" or "Co." to be used by the defendant.

I have therefore signed the decree as propounded by plaintiff.

NESTLE & ANGLO-SWISS CONDENSED MILK CO. AND BORDEN'S
CONDENSED MILK CO. V. HOLLAND FOOD
CORPORATION

(229 O. G., 1573)

Court of Appeals of the District of Columbia, May 29, 1916

CONFLICTING TRADE-MARKS.

A trade-mark consisting of the representation of a milkmaid and the word "Milkmaid" conflicts with a trade-mark consisting of the name "Milkman," associated with a picture which includes the representation of a man and woman in Dutch attire.

For the decision of the commissioner of patents See Reporter, vol. 6, p. 244.

Mr. W. B. Edmonds, for the appellant.

Mr. J. W. Crandall, for the appellee.

SHEPARD, C. J.: "The Holland Food Corporation applies for registration of a trade-mark for condensed milk.

The mark consists of the word "Milkman" together with a picture including the figure of a man and woman in Dutch attire, and a panel having a figure of a man and two cows in the background. The figure of the man in Dutch costume is dressed in the garb of the natives of Vollendam, and other of the villages of Holland, which, in the picture, is very much like the dress of the woman. Over the figure is printed in large type "Condensed Milk," underneath are the words "Milkman Brand" in like large type.

The registration was opposed by the Nestle and Anglo-Swiss Condensed Milk Company and Borden's Condensed Milk Company. Borden's Condensed Milk Company is the exclusive agent and representative of the Nestle and Anglo-Swiss Condensed Milk Company in the United States, and has the exclusive right to the trade-mark which was adopted and used in 1870, and has been in continuous use since in the United States.

The label showing the trade-mark is for condensed milk, which is in large type, has over it the words "Milkmaid Brand," which is the trade-mark. This mark was registered in the United States Patent Office April 3, 1900. Another registration was had February 12, 1907.

The mark as used now is a label on the container which shows the word "Borden's" in conspicuous type at the top, the words "Milkmaid Brand" in larger type following. Underneath there is a figure representing a milkmaid with a pail in her hand and one on her head. At the bottom of the figure in large type are the words "Condensed Milk."

The applicant, Holland Food Corporation, sets up the date of its use in the United States commencing December 20, 1913.

An agreed statement of facts by the parties shows that the Milkman brand has been used in Switzerland and England and other foreign countries since 1879 by the Holland Food Corporation and its predecessor, R. Lehmann & Company, and the exclusive right to use the trade-mark has been assigned to the Holland Food Corporation, October 21, 1914.

This evidence is immaterial to the issue here.

We are of the opinion that there is such similarity in the marks as is likely to produce confusion in trade, and that the application should have been denied.

The decision is reversed, and this decision will be certified by the clerk to the commissioner of patents.

SULL-DAY COMPANY V. LEVY OVERALL MANUFACTURING CO.

Court of Appeals of the District of Columbia, May 29, 1916

CONFLICTING MARKS.

A trade-mark consisting of the word and figure "Big 3," with the picture of a man in overalls standing within the figure does not conflict with a registered trade-mark consisting of the figure "5" in large type with the words "Big 5" written in the upper bar thereof and the picture of five workmen in the loop of the "5," especially since it appears that a third party has a still earlier registration of "Big 4" for overalls. The registrant's right to the use of the word "Big" is limited to its association with the particular figure "5" adopted by it.

For the decision of the commissioner of patents, see Reporter, vol. 6, p. 145.

Mr. J. W. Crandall for the appellant.

Mr. A. M. Allen for the appellee.

SHEPARD, C. J.: The Levy Overall Manufacturing Company applied for the registration of the trade-mark "Big 3." The word

"Big" is in large type and the figure "3" in still larger type. Within the figure is a picture of a man in overalls having an arm extended displaying a placard.

The registration was opposed by the Shull-Day Company, which has a previous registered trade-mark of "Big 5," consisting of a figure "5" in large type, within the loop of which is a group of five workmen. In the upper bar of the figure are the words "Big Five" in comparatively small type. The mark was registered August 9, 1910.

It appears also that prior to this registration the Rice-Styx Company of St. Louis, Mo., had registered a trade-mark "Big 4" for overalls.

Experts for the Shull-Day Company testified that confusion in trade would likely result from the word "Big" common to both marks, and the similarity of figures "5" and "3." Experts on behalf of the Levy Overall Manufacturing Company testified to the contrary.

The examiner of interferences thus discussed the evidence of actual confusion. He said:

There is some evidence in behalf of opposer that samples of overalls that were sent out by applicant to certain merchants were disposed of by substituting them for the Big Five overalls of opposer. It appears, however, that this was not the result of any confusion of marks, and that a garment of any other make or brand could have been as easily substituted. The witness Harding testified that on one occasion when he asked for a pair of Big 5 overalls he was handed out a Big 3, and that he did not notice the difference until he opened the package. He does not say, however, that he saw the mark on the garment when he bought it. Furthermore, it appears that when he did take notice of the mark, he saw that it was not a Big 5. There is no evidence, therefore, of any actual confusion having resulted from the concurrent use of the marks.

This is an accurate résumé of the evidence as to actual confusion.

The commissioner was of the opinion that the Rice-Styx Company registration must be taken as *prima facie* ownership by that company of the word "Big" and the numeral "4," and that the case was thereby within the rule laid down by the Supreme Court in *Liggett & Meyers Tobacco Company v. Finzer* (128 U. S., 182). See also *Nestle and Anglo-Swiss Condensed Milk Company v. Walter Baker Company* (37 App. D. C., 148) [Reporter, vol. 1, p. 90], in which it was held that inasmuch as the Walter

Baker Company was not the originator of the representation of a woman it was only entitled to prevail over others that used the particular figure of the woman shown in its trade-mark.

Under this rule the Shull-Day Company is only entitled to exclusive use of the word "Big" in connection with the particular numeral it has used, namely, the figure "5."

The decision of the commissioner is correct, and it is affirmed.

The clerk will certify this decision to the commissioner of patents.

MECCANO, LTD. v. WAGNER, et al.
(234 Fed. Rep. 912)

United States District Court

Southern District of Ohio, June 12, 1916

1. UNFAIR COMPETITION—EVIDENCE OF DECEPTION.

Evidence of actual deception of the purchasing public is not necessary where the imitation of the plaintiff's goods is such as to warrant the court in concluding that this deception was intended and would result.

2. UNFAIR COMPETITION—IMITATION OF A MECHANICAL TOY.

Where plaintiff has manufactured and sold a mechanical toy, consisting of numerous parts and units which may be assembled in a great number of ways, to make many and various structures and has advertised the toy extensively and acquired a large sale therefor, the manufacture by defendant of a toy of like character so made that the parts and units are interchangeable with those of plaintiff's toy and that these parts and units are distinguishable from those of the plaintiff only by careful comparison, the imitation of the box in which the goods are packed and the copying of the plaintiff's manual accompanying same, together with the sale of the defendant's toy at a less price to the dealer, constitute unfair competition.

3. UNFAIR COMPETITION—INVASION OF PLAINTIFF'S BUSINESS SYSTEM.

When plaintiff has established a business system peculiarly its own at great expense of time, thought, labor and money, it acquires therein a property right of which the defendant cannot deprive it by introducing his goods into and as a part of the plaintiff's system.

In Equity. On final hearing. Decree for plaintiff.

Reeve Lewis and Ralph L. Scott, both of New York City, and
Healy, Ferris & McAvoy, of Cincinnati, Ohio, for complainant.

H. A. Toulmin, of Dayton, Ohio, for defendants.

HOLLISTER, District Judge: Action for unfair competition, infringement of copyright, and infringement of patent. Counterclaim for unfair competition.

In 1899 Frank Hornby, of Liverpool, England, conceived the idea of a mechanical toy composed of thin narrow strips of metal of different lengths perforated with holes equidistant from each other, angle bars, wheels, nuts, and bolts, so designed and constructed that by their use toy models can be built, in appearance resembling mechanical structures, and, in some instances, actually illustrating principles in mechanics applied and embodied in actual mechanical

structures in common use in many arts in which the principles of mechanics are applied. Hornby had a mechanical turn of mind, and, as a boy and young man, was accustomed to the use of the simpler tools used by mechanics. He was managing clerk in the office of one Elliott, an importer of American meat and live stock. He had no means, except a small salary, and his family included two boys, for whom he constructed the metal strips and other appurtenances hereinbefore described. Various mechanical structures were built up of these, and Hornby, believing he had found a toy for which there would be a market, obtained a British patent in January, 1901. His want of means and the disinclination of the trade to further his efforts to put the device on the market did not discourage him; but, having interested his employer, he found sufficient means to further develop the toy and to bring it to the attention of the public.

The first constructions were crude and composed of comparatively few parts, but the idea was there, and by the addition from time to time of further parts, it became possible for a bright boy to build up, either on his own initiative or from illustrations in the Manual which accompanied each outfit of parts, an extraordinary number of devices resembling in form and appearance many structural devices known and used in the mechanical arts. There was nothing like it or resembling it on the market, and, after a number of years of effort to create a market by advertising and public demonstrations, a large business has been built up in the United States and elsewhere.

The toy is of great utility, of educational value, is stimulating to the imagination, appeals to a boy's creative faculties, and not only gives entertainment, but is highly instructive.

Prior to 1908, about \$40,000 had been expended in the enterprise, including advertising. The toy was first called: "Mechanics Made Easy," and "Adaptable Mechanical Toy." It was in 1907 called "Meccano," by which it is known in the trade. The name was chosen after much consideration, and is a happy choice for a toy in the use of which models of mechanical devices may be built up. In 1908, the business was incorporated under the laws of Great Britain, under the name, "Meccano, Limited." It was first attempted in 1908 to interest American dealers, and in 1909 the

Embossing Company of Albany, N. Y., became the exclusive agency for the United States and Canada, although prior to that time some English exporting houses had sent some of the outfits to the American market. Sales of Meccano in the United States developed rapidly—1909, \$7,000; 1910, \$24,000; 1911, \$49,000; 1912, \$114,000—and up to the last date, approximately \$100,000 had been spent in advertising, demonstrating in department stores, and divers other ways.

Each "outfit" of Meccano contains certain units, consisting of flat strips of metal, angular strips and plates of design and dimension of previous conception, so as to be adapted to the various kinds of models to be constructed. In these strips, etc., the place and dimension of the holes are also the result of thought, especially so in the early conception and development of the toy. This is also true of the ample fastenings by which units may be held together as well as appropriate wheels and other devices used in building up the models, and all of these were made according to a standard, and are, through the various kinds of outfits complainant sells, interchangeable, so that the parts of one outfit may, when appropriate, be interchanged with other parts; and in all the outfits, parts are interchangeable. The Meccano outfits are numbered from "0" to "6," inclusive, and the company sells accessories and supplemental outfits numbered "0A" to "5A," inclusive. In "0," there are different parts making up that outfit. From these parts a number of models can be made. This outfit has a certain price. In "0A," there are additional parts, which together are sold at a certain price. When "0A" is added to "0," they together make outfit "No. 1." And so on the system goes, the outfits expanding in parts and units until outfit "6," together with supplemental parts "5A," make up and comprise all of the preceding outfits and the additional parts to each outfit, the price becoming greater as the outfits contain more parts, units, etc. The plan upon which these commodities are sold was preconceived and has a definite object. If a boy starts with outfit "0," and wishes to increase, by additional parts and units, the opportunity for constructing models beyond the capacity of the units and parts in "0," he purchases the additional units and parts "0A." He then has an outfit which corresponds to outfit "1." And so if he first has, say, outfit

"3," it would contain all the parts of "0," "1," and "2," which, of course, would include additional parts "0A," "1A," and "2A." The units in these additional parts and the additional parts themselves may be purchased separately. If a unit has been lost or injured, it may be obtained from dealers who carry Meccano. Such a unit can be used in its appropriate connection and relation in any Meccano outfit. The valuable quality of interchangeability attaches to the various parts. Each set is accompanied by a Manual, in which is depicted models, which may be constructed by the units contained in the outfit which it accompanies, though not intended to limit the possibilities of the units, as the thought and ingenuity of the boy owner may suggest constructions not found in the Manual.

There is no doubt, and experience shows, that the use of an outfit, with its Manual, tends to develop a desire for a more extended opportunity the possession of further units would afford. Hornby created something. What he created has been developed since by him and his associates and by the complainant, which succeeded to their rights. That which was created was the result of study, of experiment, of expense; and, when the result of these were brought to the market and to the attention of consumers, it became a creation of very great value.

It was known by a distinctive trade-name, and gave to the consuming public a toy of a new character which was in its essence a "model builder" and might well have received that name. Each of the outfits has printed on its cover or casing, "Manufactured by Meccano, Ltd., Liverpool, Eng." The box covers of Meccano outfits are black, the label—the color red predominating, the word "Meccano" in large letters being in red, and the legend, "The World's Mechanical Wonders in Every Home," being in red—when pasted on leaves a margin of black.

In each outfit, the parts or units making it up are neatly arranged in the containing box. The label also on the box represents a boy building a model of one kind or another.

There is no doubt that when the defendant Francis A. Wagner, trading as the American Mechanical Toy Company, introduced into the market the commodities of which Meccano, Limited, complain, the trade and a large part of the consuming public were

acquainted with complainant's model builder, and the trade and those of the consuming public who had seen Meccano outfits knew it as of British make. The name "Meccano" itself attracts attention, and particularly when seen in connection with printed representations of models of well-known mechanical constructions; and the name had become identified with a toy model builder, the only one of its kind.

Prior to the date this suit was brought, Wagner and the defendant the Strobel & Wilken Company, of New York and Dayton (Wagner's selling agents), had introduced into the market a model builder, which, except for great care in examination, cannot be distinguished from the complainant's Meccano; and, in connection with the model builder so introduced by defendants, a Manual which could not in my judgment, have been made in the way they are made, in the language and figures chosen, and in the models displayed, unless the constructor had before him a Manual or Manuals issued by complainant.

The covers of defendants' outfits are black. The predominant color of the label is red, a boy engaged in the construction of a mechanical model is displayed; and on the label is inscribed "The World's Greatest Mechanical Wonder." The choice of the name, "The American Model Builder," is significant, giving the impression that it is different from the British model builder (the prior and well-known Meccano), when, in fact, it is the same. The idea conveyed by defendants' label is just the same as the idea conveyed by complainant's label. If one had seen an advertisement of a Meccano model builder, or had seen a neighbor's boy building models with Meccano mechanical units, and had gone to a toy store for the purpose of buying such an outfit and had seen there defendants' outfits and had purchased one, there is no doubt he would think he had bought what he had gone after. There is testimony showing results of similar character. Testimony, however, is not needed, for the outfits themselves, in numbers and parts corresponding with the complainant's and the arrangement of the parts in the boxes and the appearance of the boxes, are enough in themselves, without any testimony, to warrant the court in concluding, as is now concluded, that the defendants' outfits, parts, boxes, and labels would deceive the purchasing public,

and were so intended. A mere glance at Plaintiff's Exhibits 8, 15, and 17, of defendants' outfits of 1912, and a comparison of these with Plaintiff's Exhibits 24 to 26, inclusive, show that the one is copied from the other in all substantial details. The intention to deceive may be inferred "from the inevitable consequences of the act complained of." *Elgin Watch Co. v. Illinois Watch Co.*, 179 U. S. 665, 674, 21 Sup. Ct. 270, 45 L. Ed. 365; *Samson Cordage Works v. Puritan Cordage Works* (C. C. A. 6), 211 Fed. 603, 608, 128 C. C. A. 203 [Reporter, vol. 4, p. 225].

Defendants' outfits are also seven in number, numbered 1 to 7, inclusive, so that "No. 1" corresponds to Meccano "0," and so on. Hence, for instance, "No. 3" American Model Builder is the same as Meccano "2," and additional parts "0A" Meccano are additional parts "No. 1½" American Model Builder. As an illustration, the Meccano, 1911, lists of separate parts—some of peculiar construction—have been duplicated in all respects in the defendants' corresponding lists. The defendants have added two parts, a rack and eccentric wheel. Meccano had not, prior to that time, listed or made these—at least, had not put them upon the market. These and a few other additional parts introduced by defendants from time to time, all embodying ancient and well-known mechanical principles—"set screws," for instance—complainant uses in subsequent outfits. Upon this, the defendants found their separate counterclaim for unfair competition.

The building up of models requires not only that certain parts shall be of constant shape and size, but that the holes in the parts shall be equidistant from each other, the distance in all the parts between the holes being the same. This establishes a standard. That standard of distance Meccano established as $\frac{1}{2}$ inch. The adoption of the same standard by the defendants was not accidental. If a different standard had been adopted, then American Model Builder parts and Meccano parts could not be interchangeable, since in the Model Builder the parts are substantially the same as the corresponding Meccano outfit of parts. A boy starting with a certain Meccano outfit can gratify his desire for additional parts for the construction of further models by purchasing the American Model Builder parts, resulting in obvious injury to Meccano's business. However strongly defendant

asserts ignorance, accident, or mistake, little weight can be given to what he says in the face of what is disclosed by the physical appearance of the outfits, the Manuals, method of arrangement of contents of boxes, and the appearance of the, what might be called, "show case exhibits of separate parts." "Complete Manual of Instruction," issued by defendants, which accompanies each outfit, is called, in Meccano, "Manual of Instructions." Defendants' Manuals may be the result of labor and thought, but the labor and thought is not of an original character, resulting in something new taken from a mass of common information; and it is clear enough that the labor and thought expended has been for the purpose of making a Manual, appropriate to the outfit it accompanies, counterfeit the Meccano Manual accompanying the corresponding Meccano outfit; and all for the purpose of deception. Even if there were no evidence tending to show actual palming off of the defendants' for the complainant's goods, there is a silent representation made by the outfits, the arrangement of parts and number of parts, the Manuals and some of defendants' advertisement, or the advertisement of those selling their goods, that "American Model Builder" is the same as Meccano. There are in evidence many instances of deception, confusion, and mistake growing out of the similarity of these goods, even in their extraordinary detail. In addition to the evidence, the physical exhibits themselves disclose, not only the intention of defendants that their outfit is the same as the corresponding Meccano outfit, and that it is interchangeable with Meccano parts, and other evidence in the case establishing both of these charges against the defendants, but there are also in evidence two of defendants' letters which convict them of both charges. The case is so clear that it would serve no useful purpose to set forth the many proved instances of the injurious effect upon complainant's trade caused by defendants' devices and the interchangeability of defendants' parts with the complainant's parts.

One of the earmarks of unfair competition—the sale of the imitating device at a lower price—is abundantly proved in this case. Of course, when dealers can get substantially the same article at a lower price, they will deal in that in which there is "more money." Notable illustrations of this are found in the instances of the Wanamaker stores and the Curtis Publishing Company.

In these, Meccano has been largely supplanted by the American Model Builder, for the reasons that they are substantially the same, and it is more profitable for the dealer to buy the imitating article. It is shown also that, for the most part, the prices to the retail trade are less for American Model Builder than for Meccano.

It seems to me that unfair competition exists both under the aspect of palming off, which is shown not only by instances in the testimony, but also in the more subtle way, as said by Judge Lacombe, "by simulating the collocation of details of appearance by which the consuming public has come to recognize the product of his competitor." *Enterprise Mfg. Co. v. Landers*, 131 Fed. 240, 241, 65 C. C. A. 587, 588 (C. C. A. 2), affirming the circuit court in 124 Fed. 923. As I read the facts in that case in the district court, there are two noticeable differences between it and this case when dealing with the subject of palming off one's goods for another. They are that the facts in this case show, if possible, an even more pronounced instance of appropriating all by which the complainant's product had become known to the public, and that the defendant in that case was honest enough to admit all that he had done, but took the position that he was entitled, under the law, to appropriate what belonged to the complainant. He attempted to justify himself, as the complainant does in this case, by the decision of the circuit court of appeals in this circuit in *Globe-Wernicke Co. v. Fred Macey Co.*, 119 Fed. 696, 56 C. C. A. 304. Judge Platt had no difficulty in distinguishing the facts in that case from the facts before him, and he sets forth some of the reasons. In addition it may be said that, in the *Globe-Wernicke Case*, the units were well known. They belonged to a class of commodities for which there had long been a market. Anybody could build one in the way they were built. Nothing in the way of business system was involved in placing one unit upon another, or several units end to end, in making up a bookcase. In this case, there was not, until Meccano came upon the market, anything like it known. There was no class which would comprise it, or to which it could be assimilated. Further, the various parts in each unit were futile in themselves, and so was the unit made up of the parts. The bookcase unit, as constructed, was the final construction, except, if one wanted to, he could add one to another; but in Meccano the construction of the thing into which the parts in

the unit went was in the power of the purchaser alone. He could make such constructions as pleased him, either by suggestions from the Manual, or such as came from the fertility of his own mind, all within the limits of the parts the particular unit comprised. The Globe-Wernicke Case is not helpful to the defendants.

In addition to *Enterprise Mfg. Co. v. Landers*, 131 Fed. 240, 65 C. C. A. 587, the principle will be found in *Yale, etc., Co. v. Alder*, 154 Fed. 37, 83 C. C. A. 149 (C. C. A. 2), and *Rushmore v. Manhattan, etc., Works*, 163 Fed. 939, 90 C. C. A. 299, 19 L. R. A. (N. S.) 269 (C. C. A. 2).

Unfair competition exists also in that the complainant has established a business system which is peculiarly its own. This was done at the expense of time, thought, labor, and much money. If it be assumed that this court is in error with respect to the finding of palming off of defendants' goods for the complainant's, establishing thereby unfair competition, yet the defendants use complainant's business and the system it has established. In these it has acquired a property right of which its competitor cannot deprive it by introducing his goods into, and as a part of, complainant's business and business system. In this respect, the case strongly resembles *Prest-O-Lite Co. v. Davis* (D. C.) 209 Fed. 917 [Reporter, vol. 4, p. 91], affirmed by the circuit court of appeals of this circuit, 215 Fed. 349 [Reporter, vol. 4, p. 419].

If it be assumed that defendant could establish a business system of his own and enter into competition with the complainant's similar system, it seems to me quite clear that the defendant's system could not be so used as to appropriate the business and good-will established by the complainant. It cannot be that the defendant can build up his own business by taking away complainant's business through the very method established by complainant for carrying it on. The American Model Builder is not only a fraud on the public, but also a fraud on the complainant.

I find the charge of unfair competition amply established by the facts and under the law.

* * * * *

Defendants' counterclaim will be dismissed. An order to that end may be taken; also sustaining the charges of unfair competition.

ALLEN V. WALKER & GIBSON
(235 Fed. Rep. 230)

United States District Court

Northern District of New York, August 17, 1916

1. **TRADE-MARK—ASSIGNMENT.**

Although a trade-mark cannot be assigned apart from the business in connection with which it is used, the assignment of a trade-mark to a corporation through a third person, accompanied at the same time, and as part of the same transaction, by the direct transfer of the business from the owner of the trade-mark to the corporation vests in the latter the title to the mark.

2. **TRADE-MARK—DESCRIPTIVE TERM.**

The word "Cedarine" applied to a furniture polish is a valid trade-mark and is an arbitrary word not found in the dictionary and had no meaning until the plaintiff coined the word and gave it a meaning.

3. **INFRINGEMENT—CONFLICTING MARKS.**

The word "O-Cedar" is an infringement upon "Cedarine" for furniture polish. These words so clearly resemble each other as to deceive the ordinary purchaser, who gives such attention to the same as the ordinary purchaser usually gives. It is not necessary that the cautious purchaser would be deceived or misled.

4. **TRADE-MARK—NAME OF PATENTED ARTICLE.**

The fact that the plaintiff patented a furniture polish prior to his adoption of the trade-mark in suit is immaterial, for the polish sold under the trade-mark is not the patented polish, but a different one.

5. **INFRINGEMENT—DEFENSE—PLAINTIFF'S MISREPRESENTATION.**

A statement contained in a single pamphlet, made in the zeal of advertising, that the plaintiff "invented" and "patented" his polish, is not such misrepresentation as will vitiate his right to the trade-mark.

6. **INFRINGEMENT—LACHES.**

The plaintiff's failure during two years to sue is not such laches as will bar his right to an injunction.

7. **TRADE-MARK—EFFECT OF DISCLAIMER.**

A disclaimer of the right to use the word "Cedar" made by the plaintiff in the British patent office for the purpose of obtaining registration there, in no way affects his right to the use of the name "Cedarine."

8. **INJUNCTION—ACCOUNTING OF PROFITS.**

Where the defendant's sale has been small and they were not notified of the alleged infringement and plaintiff knew, or must have known, of the fact for two years, an accounting of profits should be denied.

In Equity. On final hearing. Decree for plaintiff.

Martin & Jones, of Utica, N. Y., for complainant.

Rosendale, Hessberg, Dugan & Haines, of Albany, N. Y.
(*Charles W. Hills*, of Chicago, Ill., and *Albert Hessberg*,
of Albany, N. Y., of counsel), for defendant.

RAY, District Judge: In 1886 the complainant, George H. Allen, of Clinton, N. Y., began the business of manufacturing and selling a furniture polish at that place, and he placed on the bottles and containers a label with certain descriptive words and the trade-mark or name "Cedarine." So far as appears, he was the first to coin and use this word "Cedarine." He built up quite an extensive business, and became quite widely and extensively known as "Cedarine Allen," a name which he adopted and used in various ways in such business and in advertising, and in which he seems to take pride. June 7, 1887, on his application, there was registered and issued to said George H. Allen a trade-mark. In his statement and declaration he said:

"My trade-mark consists of the word 'Cedarine.' This has generally been arranged or inclosed within a diamond-shaped figure, which in turn is surrounded by a larger figure of similar shape; the sides of these figures being arranged parallel with each other."

He also describes the use and placing of certain words between the lines of these figures, but says:

"These words are printed in small type, while the word 'Cedarine' is formed of large letters, to make it prominent."

He makes other remarks, and says:

"The essential feature of which [trade-mark] is the arbitrary word 'Cedarine.'"

He also says therein:

"This trade-mark I have used continuously in my business since November 1, 1886. The class of merchandise to which this trade-mark is appropriated is polishes, and the particular description of goods comprised in said class on which I use it is furniture and piano polish. It is my practice to apply my trade-mark to the bottles, boxes, or packages containing the polish by means of suitable labels on which it is painted. The word and trade-mark are sometimes also blown into the bottles containing the polish."

In 1891 Allen incorporated this business in the state of New York under the name "Cedarine Manufacturing Company," with an authorized capital stock of \$25,000. Allen was manager of the business of this corporation until 1897, when a corporation was organized under the laws of the state of Michigan, at Hastings, in that state, under the name Cedarine Manufacturing Company, and this corporation took over a furniture manufacturing plant at that place, and this corporation took orders for furniture polish bearing the name "Cedarine"; but the goods were manufactured

and put up for market at Clinton, N. Y. At about this time all the stockholders of the New York corporation turned over their stock therein to complainant, and he in their behalf, as well as his own, assigned the furniture polish business at Clinton, N. Y., including the good-will, to said Michigan corporation. March 28, 1898, the Michigan corporation transferred the said trade-mark, and also all the property at Clinton, N. Y., connected with the manufacture of Cedarine, to the complainant here.

In May or June, 1898, Allen returned to Clinton, N. Y., where until October of that year he conducted this furniture polish business, using the trade-mark name "Cedarine." At this time the business was again incorporated under the laws of the state of New York, but under the name "Cedarine Allen Company." When the Michigan corporation went out of business, March 28, 1898, a written transfer to George H. Allen of the business and this trade-mark was executed and signed by "George H. Allen, Secy." He was the secretary of that corporation, and while the defendant here vigorously attacks this transfer, I think it was sufficient under all the circumstances to transfer to Allen, not only the business, but the trade-mark, and that he again became its owner. It does not appear that there was any formal dissolution of this Michigan corporation, and defendant contends that it went out of business and abandoned to the public all its rights to this trade-mark; but I do not think this contention is sustained. These transactions were somewhat informal, but there is no evidence to question or dispute the statement of the complainant, or the plaintiff's exhibits, bearing on this question of the ownership of the trade-mark.

At the time of the incorporation in October, 1908, Allen transferred to his wife this registered trade-mark by an instrument in writing, but which does not in terms include the good-will of the business. This certificate of incorporation stated:

"The object and nature of the business for which this corporation is to be formed is the manufacture and sale of Cedarine furniture polish, and other polishes, liquid glue, furniture, and advertising novelties."

M. E. Allen subscribed for 19,760 shares of stock in this Cedarine Allen corporation, and in consideration of \$50,000 of the stock she assigned to such corporation this registered trade-mark No. 14,482. Allen himself subscribed for 20,000 shares of the stock

and conveyed the business to the new corporation. The transfer from George H. Allen to M. E. Allen reads as follows:

"Whereas, I, George H. Allen, of Clinton, county of Oneida, and state of New York, did obtain letters patent of the United States for the registration of a certain trade-mark for furniture polish, which letters patent are No. 14,482, and bear date the 7th day of June, 1887; and

"Whereas, I, the said George H. Allen, am now the sole owner of said letters patent and of all rights under the same; and

"Whereas, M. E. Allen, of Clinton, county of Oneida, and state of New York, is desirous of acquiring the entire interest in the same:

"Now, therefore, to all whom it may concern, be it known that for and in consideration of the sum of one dollar to me in hand paid, the receipt of which is hereby acknowledged, and in consideration of natural love and affection, I, the said George H. Allen, have sold, assigned, and transferred, and by these presents do sell, assign, and transfer, unto the said M. E. Allen all my right, title, and interest in and to the said trade-mark for furniture polish, and in and to the letters patent therefor aforesaid, the same to be held and enjoyed by the said M. E. Allen for her own use and behoof, and for the use and behoof of her legal representatives, to the full end of the term for which said letters patent are granted, as fully and entirely as the same would have been held and enjoyed by me, had this assignment and sale not been made.

"In testimony whereof, I have hereunto set my hand and affixed my seal at Clinton, in the county of Oneida, and state of New York, this 19th day of October, A. D. 1898.

"In the presence of

Geo. H. Allen. [L. S.]

"J. T. List.

"D. W. Allen."

The transfer from M. E. Allen to the Cedarine Allen Company reads as follows:

"Whereas, George H. Allen, of Clinton, county of Oneida, and state of New York, did obtain letters patent of the United States for the registration of a certain trade-mark for furniture polish, which letters patent are numbered 14,482 and bear date the 7th day of June, 1887; and

"Whereas, the said George H. Allen, by a due and proper instrument in writing has sold and assigned his said patent, and his rights in, to, and under the same, unto Mary E. Allen, of Clinton, county of Oneida, and state of New York; and

"Whereas, I, the said Mary E. Allen, am now the sole owner of said patent and all rights under the same; and

"Whereas, the Cedarine Allen Company, of Clinton, county of Oneida, and state of New York, is desirous of acquiring the entire interest in the same:

"Now, therefore, to all to whom it may concern, be it known that for and in consideration of the sum of \$50,000 to me in hand paid, the receipt of which is hereby acknowledged, I, the said Mary E. Allen, have sold, assigned, and transferred, and by these presents do sell, assign, and transfer, unto the said Cedarine Allen Company my entire right, title, and interest in and to the said trade-mark for furniture polish, and in and to the letters patent therefor aforesaid, the same to be held and enjoyed by the said Cedarine Allen Company for its own use and behoof, and for the use and behoof of its legal representatives, to the full end of the term for which said letters patent are granted, as fully and entirely as the same would have been held and enjoyed by me, had this assignment and sale not been made.

"In witness whereof, I have hereunto set my hand and affixed my seal at Clinton, in the county of Oneida, and state of New York, this 24th day of October, 1898.

"In the presence of

M. E. Allen. [L. S.]

"Katie Smyth.

"D. W. Allen."

The transfer from George H. Allen to the Cedarine Allen Company reads as follows:

"Know all men by these presents, that I, George H. Allen, of Clinton, county of Oneida, and state of New York, in consideration of the sum of \$7,385 to me in hand paid, the receipt whereof is hereby acknowledged, and in consideration of the assuming of obligations of the business of Cedarine Allen by the Cedarine Allen Company, have sold, transferred, assigned, and set over, and hereby do sell, transfer, assign, and set over unto the Cedarine Allen Company, of Clinton, N. Y., all my right, title, and interest in, to, and under all the accounts appearing on my books to my credit as Cedarine Allen; also all stock furniture, and machinery now at my place of business in Clinton, N. Y., as specified in the schedule hereto annexed and made a part hereof; also the good will of the business conducted by me under the name of Cedarine Allen, to have and to hold the same unto the said Cedarine Allen Company, its successors and assigns, as fully as I would own, hold, and enjoy the same, had these presents not been made.

"In witness whereof, I have hereunto set my hand and seal at Clinton, N. Y., this 24th day of October, 1898. Geo. H. Allen.

"State of New York, County of Oneida—ss.:

"On this 29th day of October, 1898, before me personally appeared George H. Allen, to me known to be the same person who executed the foregoing assignment, and duly acknowledged that he executed the same.

"H. W. Mahan,

"Notary Public, Oneida County, N. Y."

I think this trade-mark was effectively transferred to the Cedarine Allen Company. The defendant contends the trade-mark could not be transferred independently of the business, and that its transfer to M. E. Allen, and by her to Cedarine Allen Company, George H. Allen transferring the business direct to that company for another consideration, carried no interest in or ownership of the trade-mark. I think it well settled that the assignment of a trade-mark, disconnected from the business and good-will with which it has been connected and used, cannot be made. Paul on Trade-Marks, par. 97, p. 162, and paragraph 117, p. 228; *Crossman v. Griggs*, 186 Mass. 275, 71 N. E. 560; *Falk v. American West Indies Co.*, 180 N. Y. 445, 73 N. E. 239, 1 L. R. A. (N. S.) 704, 105 Am. St. Rep. 778, 2 Ann. Cas. 216; *Lea v. N. H. S. M. Co.* (C. C.) 139 Fed. 732; *Bulte v. Igleheart*, 137 Fed. 492, 70 C. C. A. 76; *Carroll v. Duluth, etc.* (C. C.) 232 Fed. 675 [Reporter, vol. 6, p. 395]; *The Law of Trade-Marks*, Hazeltine, 218.

But here, in the manner described, both the trade-mark and the business and good-will were transferred to the Cedarine Allen Company, and it seems to have been all a part of one transaction and that the trade-mark was transferred "in connection with"

the business and the good-will thereof and that such was the intent and purpose. The Cedarine Allen Company assumed ownership and applied for and obtained a new trade-mark registration, both in the United States and in England. When Allen transferred the business to the corporation, he passed title to the trade-mark, even if he did not lawfully assign it to M. E. Allen. In *Congress & Empire Spring Co. v. High Rock Congress Spring Co.*, 45 N. Y. 291, 6 Am. Rep. 82, it was held that the name "Congress" as a valid trade-mark on water of a particular spring passed with the purchase of the spring, without any special mention of either the good-will or trade-mark. See *Kidd v. Johnson*, 100 U. S. 617, 620, 25 L. Ed. 769; *Peck Bros. & Co. v. Peck Bros.*, 113 Fed. 291, 298, 51 C. C. A. 251, 62 L. R. A. 81; *Brown Chemical Co. v. Meyer*, 139 U. S. 540, 547, 548, 11 Sup. Ct. 625, 35 L. Ed. 247; *Richmond Nervine Co. v. Richmond*, 159 U. S. 293, 300, 16 Sup. Ct. 30, 40 L. Ed. 155.

April 20, 1905, the Cedarine Allen Company filed an application for the registration of the trade-mark "Cedarine," and it was registered in the United States August 22, 1905. July 29, 1899, the Cedarine Allen Company filed an application in Great Britain for the registration of the trade-mark "Cedarine," and it was registered September 13, 1899, on the applicant filing a disclaimer, viz., "No claim is made to the exclusive use of the word 'Cedar.' " The statement and declaration for this trade-mark, in the United States was as follows:

"To All Whom It May Concern:

"Be it known that the Cedarine Allen Company, a corporation duly organized under the laws of the state of New York, and located in the village of Clinton, county of Oneida, in said state, and doing business in said village and elsewhere, has adopted for its use a trade-mark, of which the following is a full, clear, and exact description.

"The trade-mark consists of the word 'Cedarine.'

"This trade-mark has been continuously used by said corporation and those from whom it derived its title since January 1, 1887.

"The class of merchandise to which this trade-mark is appropriated is cleaning and polishing preparations, and the particular description of goods comprised in said class upon which the said trade-mark is used is furniture polish. It is usually displayed on cans, kegs, bottles, and other receptacles for containing the goods, by placing thereon a printed label on which the described trade-mark is shown, although it may be stenciled or printed or otherwise affixed to any receptacle containing the goods, or it may be placed on tags attached to receptacles containing the goods.

Cedarine Allen Co.,

"By Geo. H. Allen, Vice-Pres.

"Declaration.

"State of New York, County of Oneida—ss.:

"E. D. Hunter, being duly sworn, deposes and says that she is the secretary and treasurer of the Cedarine Allen Company, the applicant named in the foregoing statement; that she believes the foregoing statement is true; that she believes said corporation is the owner of the trade-mark sought to be registered; that no other person, firm, corporation, or association, to the best of her knowledge and belief, has the right to use said trade-mark, either in the identical form or in any such near resemblance thereto as might be calculated to deceive; that said trade-mark is used by said corporation in commerce among the several states of the United States, and particularly between New York and New Jersey and Pennsylvania, and between the United States and foreign nations, and particularly with the Dominion of Canada; and that the description, drawing, and specimens presented truly represent the trade-mark sought to be registered. E. D. Hunter.

"Subscribed and sworn to before me, a notary public, this 12th day of May, 1905.

"[L. S.]

James H. Merwin,

"Notary Public, Oneida Co., N. Y."

The Cedarine Allen Company continued business until September, 1911, when its assets were sold at auction to said George H. Allen, and a written transfer was given of the assets, and December 6, 1911, a formal written transfer of the trade-mark was made to complainant. The Cedarine Allen Company then ceased to do business and closed it up, but Allen has continued the business and the use of the trade-mark. From 1886 down to 1905 no one, except this plaintiff and such corporations, in which Allen was majority stockholder, used the word "Cedarine" on or in connection with furniture polish.

The complainant, and these corporations with which he was connected in business as stockholder and officer, have spent considerable sums of money, running into thousands of dollars, in advertising this Cedarine furniture polish yearly in a great extent of territory, some years more and some years less, and have done quite a large business in Cedarine, varying in amount from year to year. I discover no substantial evidence of intent to abandon the trade-mark, and I see no reason to question its validity. The word "Cedarine" seems to be an arbitrary word. It is not found in the dictionary. We have "cedar," name of a tree, and "cedarn," compound of "cedar" and "n" for "en" meaning "of cedar; made of cedar." The word "Cedarine" had no meaning until complainant coined the word and gave it a meaning. Through and by the use of it this word came to signify his furniture polish.

Does the word "O-Cedar" infringe?

In the compound of complainant, forming his "Cedarine Stove Polish," there can be no substantial doubt that he uses cedar oil in small quantities as one of the ingredients. Many witnesses who know speak on this subject to the effect that cedar oil is always put in. I think the furniture polish would be just as good, and serve all the purposes of a furniture polish, if no cedar oil were used in compounding it. But this may not be so, and the odor of cedar may not be immaterial.

In law the trade-marks are the same if, when applied to the same class and kind of goods, they so clearly resemble each other as to deceive the ordinary purchaser, who gives such attention to the same as the ordinary purchaser usually gives, and cause such purchaser to purchase the one thing, supposing it to be the other. It is not necessary that the similarity must be such as to deceive and mislead the cautious purchaser. It is sufficient to show the similarity is such as to deceive the ordinary and unwary purchaser. The evidence in this case shows that, with both "Cedarine" and "O-Cedar" placed on the market, persons calling for "Cedarine" are given "O-Cedar" and told by the seller that it is the same. "Cedar" is what gives the name its sound, whether we call for "Cedarine" or "O-Cedar." There is no evidence that the manufacturer of O-Cedar, by its salesmen or otherwise, has instructed or authorized those who deal in O-Cedar to pass it off as Cedarine, or inform purchasers that it is the same as Cedarine; but it is shown that the dealers understood it to be the same, and so inform purchasers, who accept it for Cedarine. Therefore purchasers get O-Cedar when they call for Cedarine, and the complainant loses the sale of Cedarine, and his business is injured.

O-Cedar is made and put on the market by the Channel Chemical Company, of Chicago, Ill., and it is evident that company is participating more or less in the defense. The defendant is a dealer, a seller, and has agents out covering a large part of the state of New York, and extends its business into Pennsylvania and a part of New England. It is evident that selling this furniture polish, made by this complainant, under the name and with the trade-mark thereon, "Cedarine," brought it into general notoriety under that name, and it would quite naturally be known as a cedar furniture polish. With this condition existing, for a rival in the

business of manufacturing and selling furniture polish to adopt and use the name "O-Cedar" would excite suspicion, to say the least, that the intent and purpose was to get as close as possible to the name already in use without adopting it absolutely, and appropriate the benefits of the existing name and advertising done and some of the established trade. The word "Cedarine" is not descriptive of the complainant's goods, nor is "O-Cedar" descriptive of the furniture polish sold by the defendant and made by Channel Manufacturing Company. The words give no reasonably accurate or distinct knowledge as to the character and composition of either compound. *Keasbey et al. v. Brooklyn Chemical Works*, 142 N. Y. 467, 37 N. E. 476, 40 Am. St. Rep. 623.

In *American L. P. Co. v. Gottlieb & Sons* (C. C.) 181 Fed. 178, "Knox-all" was held to infringe "Beats-all." In *Stephano v. Satmatopoulos et al.* (D. C.) 199 Fed. 451 [Reporter, vol. 3, p. 43], "Radames" was held to infringe "Rameses." In this last case Lacombe, C. J., said:

"The only question is: Will confusion be likely to result from the use of the name defendants have chosen?"

He then referred to the fact that both words are pronounced with the emphasis on the first syllable and said:

"Assuming that a person, even of average intelligence, who has smoked a cigarette given him by a friend and found it pleasing, is informed that it is the 'Ram'-es-es' brand, it seems a not unreasonable supposition that he might accept from a dealer a box which he is assured is of the 'Rad'-am-es' brand, believing it to be the same. To me, at least, this seems so likely to occur that infringement of complainants' trade-mark seems obvious."

Here consumers have used "Cedarine" furniture polish, and are pleased with it, and desire to purchase it, and call for it. They are given "O-Cedar." "Cedar" is the controlling word, as the name strikes the eye in both names when seen, as it is when it strikes the ear when pronounced. It seems to me very clear that confusion is not only liable to arise, but would arise. It is self-evident. Take the first case cited "Knox-all" versus "Beats-all." The *general idea* is the same, although there is no similarity in sound and appearance between "knox" and "beats," and Judge Learned Hand said:

"The second and third objections I shall consider together. I have no difficulty in finding that the phrase 'Knox-all' is an infringement of the phrase 'Beats-all.' There is no such limitation as the defendant puts upon the infringement of a

trade-mark; i. e., that the similarity must go only to the eye and ear. The question cannot be treated in any such technical manner, for always the substantial question is whether the defendant is likely to steal the complainant's trade by the use of the trade-mark in question. I am quite satisfied in this case that there is such similarity between the two phrases as would readily lead in the mind of customers to confusion; a case in point is the infringement of 'Keepclean' by 'Stakleen.' *Florence Manufacturing Company v. J. C. Doud & Co.* (C. C. A.) 178 Fed. 73. There are many other decisions in the books which show that it is not alone similarity to the ear or eye which constitutes infringement."

In *Northwestern C. M. Co. v. Mauser & Cressman* (C. C.) 162 Fed. 1004, "Ceresota" was held to infringe "Cressota." In *Stamford, etc., v. Thatcher, etc.* (D. C.) 200 Fed. 324 [Reporter, vol. 3, p. 49], "Messmate" was held to infringe "Shipmate." There is no similarity in either appearance or sound between "ship" and "mess," but the controlling word in the name is "mate," as here it is "cedar." In *Elliott Varnish Co. v. Sears, Roebuck & Co.* (D. C.) 221 Fed. 797 [Reporter, vol. 5, p. 306], "Roof Leak" is held to be infringed by "Never Leak." In this case the idea conveyed is not the same, but "leak" is the controlling word, as there is no similarity in appearance or sound between "roof" and "never."

"Cottoleo" was held to infringe "Cottolene" in *N. K. Fairbanks Co. v. Central L. Co.* (C. C.) 64 Fed. 133, as applied to a substitute for lard; "Chefolene" was held to infringe "Cottolene," as applied to such substitute, in *N. K. Fairbanks Co. v. Ogden Packing & Provision Co.* (D. C.) 220 Fed. 1002 [Reporter, vol. 5, p. 167]. In *Lambert Pharmacal Co. v. Bolton Corporation* (D. C.) 219 Fed. 325 [Reporter, vol. 5, p. 38], "Listogen" is held to infringe "Listerine"; and in *W. A. Gaines & Co. v. Turner-Looker*, 204 Fed. 553, 123 C. C. A. 79 [Reporter, vol. 3, p. 311], the words "Golden Heritage" are held to infringe the word "Hermitage." Many other cases might be cited, showing clearly that under the authorities "O-Cedar" is a clear infringement of "Cedarine."

The defendant urges the defense of laches, and also claims that the complainant patented his furniture varnish and gave to it this name "Cedarine," by which the patented article came to be generally and universally known; that the patent expired prior to the commencement of this action, and that the name and trade-mark went with the patented compound, to which the name was applied, to the public. The complainant contends that his statement, made by him at one time, to the effect that he "invented"

the furniture polish which he had put on the market, and had sold and was selling as "Cedarine," and to which he had given that name, was a mistake or error made in the zeal of advertising, and that in fact his patented compound was not his "Cedarine," but a different compound or composition, and that "Cedarine" was never patented. In 1900 the complainant put out an advertising pamphlet, called "A Commercial Pilgrim, or Around the World with Cedarine Allen." It contains over 115 pages of printed matter copiously illustrated, and is filled with extravagant and untrue statements, not intended or calculated to deceive, however, but evidently designed to attract attention to Allen and to his furniture polish. This pamphlet contains the following:

"This need of money to the party interested is always felt to be a nuisance, but it's a good thing. It was the connecting link in my case that brought together a world's need and its remedy.

"Needing the money most urgently, and my job not satisfying the need, I invented Cedarine furniture polish which was what the world was groping in darkness for, and didn't know it.

"Ordinarily it would be a piece of egotism for a man to write in such a strain as the above. But what can a fellow do? There's the world's need, there's Cedarine furniture polish, and I invented it. But I don't want to boast. I merely want to state the simple facts.

"I know that a sweet modesty should permeate my being, and that I should clothe myself in all humility, when I consider that the inspiration of Cedarine furniture polish came to me (and that I got it patented). It might have come to some one else. * * *

"From the coasts of Maine to the Keys of Florida, from Puget Sound to Mexico, and in all the land between, furniture dealers to whom I had intrusted the vending of the precious stuff (I sold it to them at a stipulated price per gross) came to know it and to know me. * * *

"But in later life, as I traveled up and down the land, calling upon the trade and speaking in gentle praise of my Cedarine furniture polish, they got to calling me 'Cedarine—Cedarine Allen.' I've often wondered why."

Prior to this, and May 21, 1889, Allen had applied for and obtained letters patent No. 403,715, with a single claim, viz.:

"The herein described composition of matter to be used for furniture polish, consisting of oil of cedar, linseed oil, and turpentine in substantially the proportions specified."

Originally in the specifications Allen stated that his application was for the combination of the aromatic oil of cedar with a suitable vehicle to render the compound aromatic and serve as a moth preventive. Such a claim was rejected, and the patent was cut down and limited to the claim above quoted. The compound or composition actually made and sold by Allen is not linseed oil,

but a petroleum product, and that which Allen has put up, compounded, and sold for years, and since the patent issued, as and under the name of "Cedarine," is not the patented article or compound. In short, even if Allen intended, at the time of obtaining his patent and registering his trade-mark, to make and sell the patented composition of matter as "Cedarine," he never did, and the name "Cedarine" became attached to a different product or composition. For this reason I am of the opinion this trade-mark did not go to the public with the expiration of the patent on a composition of matter to which the name never in fact attached. There is no evidence that the patented compound was ever manufactured and put on the market, to any extent at least, and several witnesses testified it was not. True, the patent issued May 21, 1887, No. 403,715, and the registration of the trade-mark was effected June 26, 1887, and the statement in the pamphlet quoted was made and published to the world in 1900, about three years later; but Allen was not then making or selling the patented article, but the compound to which the name "Cedarine" actually attached. I do not think Allen can be or should be concluded by that random statement in the pamphlet under such circumstances. It does not appear that Allen ever marked the "Cedarine" actually put on the market and sold as such "Patented," or claimed that it was patented, except once, as set forth in the pamphlet. This case is not, therefore, like or within *Horlick's Food Co. v. Elgin Milking Co.*, 120 Fed. 264, 56 C. C. A. 544, or *Yale & Towne Mfg. Co. v. Ford*, 203 Fed. 707, 122 C. C. A. 12 [Reporter, vol. 3, p. 205], where it was held:

"Where the maker of a patented article marked it as patented, and also designated it by an arbitrary name by which it became known to the public, on the expiration of the patent other manufacturers, having the right to make the article, had also the right to use the name, provided they took proper care to prevent their product from being confused with that of the original maker."

There can be no quarrel with the well-established principle that where a person invents a machine or a composition of matter, and makes it and puts it on the market, marked "Patented," and attaches thereto a trade-name, and goes to the extent of registering this name as his trade-mark, and it is used solely for that patented article or composition, and the name becomes inseparably connected with such patented thing, so as to indicate a patented arti-

cle or thing, on the expiration of the patent it becomes public property, and the public may also use the name in connection with that article, which it is free to make and sell. But here the complainant, so far as appears, and there is substantial evidence he did not, did not make or sell his patented composition, but another, which was not marked or claimed to be patented (except in the single case of the pamphlet), and hence the trade-mark never became associated with the patented composition.

In the *Yale Case*, *supra*, the court said:

"To us it is clear the commercial value of a patent is the creation of a public desire for its product. And if the invention is such that its product has acquired a distinctive name, then the public, when its time of enjoyment comes, cannot enjoy to the full the freed invention, unless coupled thereto is the right to use the name by which alone the invented article is known. Nor is there injustice in this, for, when the real situation is analyzed, it will be seen that by enjoying the monopoly of his patent for a series of years the patentee impliedly agrees, as maker and seller of the invented article, that, when his patent expires, he will not only surrender to the public the mechanical right to duplicate the article, but also the distinctive name the public has appropriated to the patented article; for it is apparent that the public cannot use the invention to the full without having the incidental right to vend its product by the distinctive name which the public has given it. In other words, taking this case, the public cannot now enjoy an untrammelled right to make the Triplex block of the 17-year monopoly, unless it has the incidental right of saying we now make and sell a Triplex block. Any other construction would make the patent a mere incident to trade-names, and would nullify the basis which alone justifies the grant of patented rights, namely, the right, on the expiration of the patent, to the full commercial use of the freed invention."

In the *Horlick Case*, *supra*, the headnote is:

"Where the manufacturer of an article, to which he gave a name, by which it became known, placed upon the packages in which it was sold to the public a notice in the usual form that the article was made under a patent, the right to the exclusive use of the name as a trade-name expires with the expiration of the patent, whether the article was in fact made in accordance with the patent or not."

In *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169, 16 Sup. Ct. 1002, 41 L. Ed. 118, the holding is:

"Where, during the life of a monopoly created by a patent, a name, whether it be arbitrary or be that of the inventor, has become, by his consent either express or tacit, the identifying and generic name of the thing patented, this name passes to the public with the cessation of the monopoly which the patent created. Where another avails himself of this public dedication to make the machine and use the generic designation, he can do so in all forms, with the fullest liberty, by affixing such name to the machines, by referring to it in advertisements, and by other means, subject, however, to the condition that the name must be so used as not to deprive others of their rights, or to deceive the public, and therefore that the name must be accompanied with such indications that the thing manufactured is the work of the one making it as will unmistakably inform the public of that fact."

In *Merriam Co. v. Syndicate Publishing Co.*, 237 U. S. 618, 622, 35 Sup. Ct. 708, 709 [Reporter, vol. 5, p. 261], this is approved, and the court held:

"As is the case with patents, so after the expiration of copyright securing the exclusive right of publication, the further use of the name by which the publication was known and sold cannot be acquired by registration as a trade-mark. *Merriam v. Holloway Co.* [C. C.], 43 Fed. 450, approved. And see *Singer Manufacturing Co. v. June*, 163 U. S. 169."

I cannot doubt that Allen, at the time he first registered his trade-mark "Cedarine," had it in mind to apply the name to his patented composition, furniture polish; but he did not manufacture and sell, or put on the market, that patented composition, furniture polish, but another, not patented, and one which he did not mark or represent as patented (except in the one instance fully referred to), and to this other composition, not patented, he actually and consistently applied the name "Cedarine," and it was to this other composition that reference was made at the time the registration of the second trade-mark, "Cedarine," was applied for and made. The name or trade-mark "Cedarine" never became attached to or connected or associated with the patented article. Hence it did not pass to the public on the expiration of complainant's patent.

The defense of laches presents greater equities. There is some evidence that the name "O-Cedar", applied to furniture polish, was used as early as 1908, and since that time it has been on the market to some extent. One witness said O-Cedar was sold in Chicago or that vicinity in 1910. March 11, 1912, the Channel Chemical Company applied for registration of the name "O-Cedar" as its trade-mark for its furniture polish. It was not registered until August 18, 1914, as registration was twice refused by the officials of the United States on account of the prior registration and use of the name "Cedarine," holding that "O-Cedar" and "Cedarine" were so similar as to be likely to lead to confusion, and also because "O-Cedar" was descriptive. These rejections took place April 1, 1912, when the examiner said, "Applicant's mark so closely resembles the registered trade-mark"—referring to "Cedarine"—"as to be apt to cause confusion in the trade," which was a proper conclusion, and May 21, 1913, when the rejection was made final. Thereupon counsel (not the facts) was

changed, whereupon the decision was reversed, and the word "O-Cedar" was held *not* descriptive (and it is not) and that as the office had held that "Lax-o-cap" is not similar to "Laxo," while it is, and that "Chola-sol" is not similar to "Chologen," it would hold, which it did after some two years' consideration and a change of lawyer, on the same facts, that "O-Cedar" is not so similar to "Cedarine" as to cause confusion. Actual experience has proven, however, that the similarity is so great that the one is sold quite generally for the other and accepted as the same.

It is urged that complainant has not applied to cancel the registration of "O-Cedar" and that he did not oppose registration. It is not shown that the complainant had any information of this application for the registration of "O-Cedar." The complainant also has the right to appeal to the courts, but he delayed a considerable time after he must have known that "O-Cedar" furniture polish was on the market under that name in competition with "Cedarine" furniture polish. If Allen, engaged as he was in manufacturing, advertising, and selling his furniture polish, "Cedarine," had knowledge for years that Channel Manufacturing Company was manufacturing, advertising, and selling O-Cedar furniture polish under that name, in competition with Cedarine, and expending considerable sums of money in building up the trade, and has not objected or protested until by this suit against a dealer, it would seem inequitable, after the business and trade in O-Cedar has been thus built up at large expense and made a success, to interfere by injunction and destroy the business thus established. But I find no substantial or convincing testimony that Allen has improperly or negligently "slept upon his rights" since actual knowledge of the infringement of his trade-mark came to him. The defendants, Walker & Gibson, commenced purchasing and selling O-Cedar polish December 11, 1913, and this suit was commenced within two years thereafter. The extent of the business of Channel Manufacturing Company does not clearly appear, and when knowledge of it first actually came to Allen does not appear at all.

In *Menendez v. Holt*, 128 U. S. 523, 524, 9 Sup. Ct. 143, 145 (32 L. Ed. 526), the Supreme Court, per Mr. Justice Fuller, thus states the law as to laches as applied to the infringement of a trade-mark or trade-name:

"The intentional use of another's trade-mark is a fraud; and when the excuse is that the owner permitted such use, that excuse is disposed of by affirmative action to put a stop to it. Persistence then in the use is not innocent; and the wrong is a continuing one, demanding restraint by judicial interposition when properly invoked. Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long and under such circumstances as to defeat the right itself. Hence, upon an application to stay waste, relief will not be refused on the ground that, as the defendant had been allowed to cut down half of the trees upon the complainant's land, he had acquired, by that negligence, the right to cut down the remainder (*Attorney General v. Eastlake*, 11 Hare, 205); nor will the issue of an injunction against the infringement of a trade-mark be denied on the ground that mere procrastination in seeking redress for depredations had deprived the true proprietor of his legal right (*Fullwood v. Fullwood*, 9 Ch. D. 176). Acquiescence to avail must be such as to create a new right in the defendant. *Rodgers v. Nowill*, 3 De G., M. & G. 614. Where consent by the owner to the use of his trade-mark by another is to be inferred from his knowledge and silence merely, 'it lasts no longer than the silence from which it springs; it is, in reality, no more than a revocable license.' Duer, J., *Amoskeag Mfg. Co. v. Spear*, 4 N. Y. Super. Ct. 599; *Julian v. Hoosier Drill Co.*, 78 Ind. 408; *Taylor v. Carpenter*, 3 Story, 458 [Fed. Cas. No. 13,784]; s. c., 2 Woodb. & M. [1 Fed. Cas. No. 13,785]. So far as the act complained of is completed, acquiescence may defeat the remedy on the principle applicable when action is taken on the strength of encouragement to do it; but, so far as the act is in progress and lies in the future, the right to the intervention of equity is not generally lost by previous delay, in respect to which the elements of an estoppel could rarely arise. At the same time, as it is in the exercise of discretionary jurisdiction that the doctrine of reasonable diligence is applied, and those who seek equity must do it, a court might hesitate as to the measure of relief, where the use, by others, for a long period, under assumed permission of the owner, had largely enhanced the reputation of a particular brand."

In *Layton Pure Food Co. v. Church & Dwight Co.*, 182 Fed. 24, 104 C. C. A. 464, the circuit court of appeals, eighth circuit, held that the infringement of a common-law trade-mark is a continuing trespass upon the rights and property of the owner. Also:

"The owner of a trade-mark is not chargeable with laches for a failure to prosecute an infringer before he knows or has such notice as would lead an ordinarily prudent person to inquire and learn the existence of the infringement. It is not his duty to search out and discover it because the presumption is that parties will abide by the law and respect his rights."

This is also held in *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19, 39, 21 Sup. Ct. 7, 45 L. Ed. 60.

In *McLean v. Fleming*, 96 U. S. 245, 24 L. Ed. 828, there had been a delay of some 20 years in instituting proceedings, but the court said:

"Equity courts will not, in general, refuse an injunction on account of delay in seeking relief, when the proof of infringement is clear, even though the delay may be such as to preclude the party from any right to an account for past profits."

So in that case, while an injunction was granted, an accounting

was refused. This case was cited and approved in 179 U. S. 19, *supra*. In *Bissell Chilled Plow Works v. T. M. Bissell Plow Co.* (C. C.) 121 Fed. 357, 375, after referring to *McLean v. Fleming*, *supra*, and *Menendez v. Holt*, *supra*, the court said:

"Simple laches, without more, which is the case here, is not sufficient to interfere with a complainant's right to injunctive relief, though it may affect his right to damages for past infringement."

If a party should register a trade-mark and for several years allow another to use on the same class of goods competing with his, if made, a name so like his as to show clear infringement of such trade-mark, and make no objection or protest, having full opportunity so to do, and knowingly permit such other to expend large sums of money in advertising and exploiting his goods under such name, he neither making nor selling his goods to which the trade-mark name was applied by him, and hence not use the trade-mark, we would have a case for finding abandonment of such trade-mark, or, at least, such laches as would bar injunctive relief. But here we do not have proof of facts showing abandonment or fraudulent conduct on the part of Allen in any way affecting or misleading the defendant or the Channel Manufacturing Company. It is a serious thing to interfere with business by injunction, and ought not to be done when the case is doubtful; but courts must not hesitate when a clear case is presented.

The defendant here has energetically and vehemently attacked Allen, the complainant, for his conduct in connection with the corporations with which he was connected and before referred to; but there is no evidence that any creditor of those corporations or any stockholder has complained of his acts at any time or in any manner. The acts of Allen complained of and denounced by the defendant in no way affected the defendant or the Channel Manufacturing Company. Such acts had nothing to do with inducing the said Channel Company to adopt and use the name "O-Cedar," or expend money in exploiting its product. The evidence and exhibits show that Allen is a unique character, a man who does things in a manner peculiarly his own, and he has word-pictured himself as "a man of many schemes"; but I fail to find he was dishonest, or that his "many schemes" were designed to cheat or defraud any one. He was "scheming" to get his "Cedarine" on

the market and sell it. I am inclined to think he overdid the matter (examine Plaintiff's Exhibit 25, "A Commercial Pilgrim," and its illustrations), and that people, and even dealers, took him, in many instances, as a joke, and his "Cedarine" and advertising in the same way; but all this is no excuse or justification for the defendant or the Channel Manufacturing Company, if the complainant's trade-mark be valid. It has not induced their conduct in any degree or manner, unless it be that the Channel Manufacturing Company, finding Cedarine on the market as a furniture polish and extensively advertised, conceived the idea of also putting "O-Cedar" on the market in competition.

It has been urged that the disclaimer of the word "Cedar" alone by Allen in the British Patent Office, when he applied there for registration of "Cedarine," and as a condition of securing such registration in Great Britain, operated and operates as a disclaimer everywhere and in the United States. But the trade-mark is "Cedarine," an arbitrary word, and not "Cedar." No such disclaimer was requested or required by the United States Patent Office, and the proceedings there show nothing of the kind. I am at a loss to understand why a compliance with the laws, rules, and regulations of the kingdom of Great Britain in securing registration of a trade-mark there operates to limit or destroy the rights secured by registration of a trade-mark in the United States, even though it be the same. Great Britain, in registering trade-marks, may limit and restrict their scope and effect as she sees fit, and the United States may do the same.

On the argument defendant's counsel cited and referred to *Holzappels Co. v. Rahtjens Co.*, 183 U. S. 1, 22 Sup. Ct. 6, 46 L. Ed. 49. That case does not hold that where a citizen of the United States applies for and obtains in England the registration of a designated trade-mark, and in order to obtain it disclaims the exclusive right to the use of a certain word or certain words forming a part of the trade-mark claimed and applied for, and also applies for registration of the trade-mark in the United States for which he asked registration originally in England, and obtains registration of the trade-mark applied for in the United States, without making any disclaimer, that the latter registration granted and made in the United States is either void or no broader than the

British registration. What it does hold is stated in the headnotes thus:

"This was a controversy relating to a trade-mark for protective paint for ships' bottoms. The court held: (1) That no valid trade-mark was proved on the part of the Rahtjens Company in connection with paint sent from Germany to their agents in the United States, prior to 1873, when they procured a patent in England for their composition; (2) that no right to a trade-mark which includes the word, 'patent,' and which describes the article as 'patented,' can arise when there has been no patent; (3) that a symbol or label claimed as a trade-mark, so constituted or worded as to make or contain a distinct assertion which is false, will not be recognized, and no right to its exclusive use can be maintained; (4) that of necessity, when the right to manufacture became public, the right to use the only word descriptive of the article manufactured became public also; (5) that no right to the exclusive use in the United States of the words 'Rahtjen's Compositions' has been shown."

On the subject of disclaimer the assignee in the United States was held bound by the disclaimer made by his assignor in England. In other words, the rights of the assignee were no greater than those of his assignor. As to the one trade-mark, it was held void, for the reason it had been applied to a patented article, and the right thereto had expired with the patent and became public property; and as to the other, that the assignee was bound in the United States by the disclaimer made by the assignor in England. Judge Peckham, in giving the opinion of the court, said:

"The respondent claims the right to use these words by virtue of assignments from the Messrs. Rahtjen and also Suter, Hartmann & Co. in England, and also by virtue of a domestic trade-mark which it or its predecessors had acquired from user and registration in the United States. The rights of Suter, Hartmann & Co. to the exclusive use of these words had been disclaimed by them in 1883, long before any assignment of their rights to the respondent, and we do not see why that disclaimer should be confined to England. It was a general disclaimer of any right whatever to the exclusive use of these words, and it was only upon the filing of that disclaimer that they obtained the trade-mark which they did in England. The disclaimer, however, was as broad as it could be made. When they assigned their rights, the assignment did not include a right to an exclusive use which, in order to obtain the trade-mark registration, they had already disclaimed. The assignment of the Rahtjen firm could not convey the exclusive right to the use of such words, because they had no valid trade-mark in those words prior to 1873, and by the expiration of the English patent in 1880 the right to that use had become public. These various assignors, therefore, did not convey by their assignment a right to the exclusive use of the words in the United States. The domestic trade-mark, which the respondent also claims gives it that right, was not used until after the sale of the composition by the petitioner in the United States under the name of 'Rahtjen's Composition, Holzapfel's Manufacture.' We think the principle which prohibits the right to the exclusive use of a name descriptive of the article after the expiration of a patent covering its manufacture applies here."

It is urged that Allen should not maintain this suit, for the reason he does not come into court with clean hands. He who

seeks equity must do equity; but this has reference to the matters with which the court is dealing and the parties are concerned. The contention, on the facts, may be summarized in this way: It is claimed Allen on his own statement was guilty of sharp practice in obtaining title to this trade-mark after once parting with it, and did not pay therefor and for the business with which it was connected adequate consideration, and that his label contains one or more misrepresentations calculated to deceive the public. Attention has been called to the transfers referred to. The label on the bottles contain the following:

"4 fluid Oz. CEDARINE Piano & Furniture Polish, the finest preparation in the world for cleaning and renewing all kinds of finished woods. It removes grease, scratches, fly-specks, mars, finger marks and is an excellent preventive against moth. Price 25 cts. Cedarine Co., Clinton, N. Y., Sole Manufacturers. Trade-Mark registered June 7, 1887. Reasons why CEDARINE should be used in preference to any other polish:

"1st.—It is manufactured from cedar trees and other compounds used to produce the polish on the finest pianos and furniture.

"2nd.—The cedar odor permeates the woolen goods in the rooms where it is used, thus serving as an excellent moth preventive.

"3rd.—There can positively no harm come to your furniture by its use. On the contrary, from its very nature it is calculated to renew and preserve the original finish of all articles on which it is used."

I do not know why the odor of cedar will not permeate woolen fabrics. It was not proved that it will not. The statement that it "is an excellent preventive against moth," and that, permeating woolen fabrics, it is "thus serving as an excellent moth preventive," may be true and may be incorrect. The evidence will not justify a finding that the statements are false. In his application for letters patent as amended Allen said:

"In carrying out my invention, I combine with the aromatic oil of cedar, or a compound or extract made from cedar wood or boughs, a suitable vehicle consisting of linseed oil and turpentine to render the compound aromatic and serve as a moth preventive.

"I prefer to use a vehicle consisting of ten parts of linseed oil, ten parts of turpentine, and two parts of alcohol, to which one part of the oil of cedar is added to give the aromatic flavor to the compound, the whole being thoroughly mixed by agitation. * * *

"I have found by practical use of the herein described polish that it thoroughly and quickly cleanses furniture, pianos, etc., restores the original lustre or color to the article treated, and imparts to the furniture an aromatic flavor which acts as an effective moth preventive."

Of this the examiner said:

"By reference to page 360 of Beasley's Druggists' Ret Book, 1857, applicant will find that to the ordinary furniture polish he adds as an insecticide the most

common agent known 'as a moth preventive.' The first serves simply as a vehicle (as shown on page 529 of the 14th Ed. U. S. Disp. and page 292, Griffith's Formulary), but neither aids, assists, nor modifies the insecticide; that is, the new mixture has neither value nor usefulness beyond the obvious addition of the values of the simples employed, and the changes made give only the most obvious results from the known qualities of the matter employed, which is but colorable and at the most exhibits but ordinary skill and judgment."

Reply was made by Allen's attorneys July 26, 1887, containing the following:

"Applicant admits that the aroma or scent of cedar directly from the wood has been used as a moth preventive, but he is not aware that when used in that *manner* it amounts to an insecticide, but in the form in which we prepare and apply the cedar it would."

Thus the whole matter was called to the attention of the patent office, and that office conceded that oil of cedar is an insecticide, and finally, it seems, to be a "moth preventive." I do not see that Allen can be charged with fraud or misrepresentation, even if it be true that the odor of oil of cedar will not permeate woollen goods or act as a moth preventive. If, as the patent office examiner conceded, it is an "insecticide," it would seem to be a legitimate conclusion that it is a "moth preventive." It may be outside the record, but our great-grandmothers, our grandmothers, and our mothers have used cedar for this purpose, and those living still pack our woollen clothing in cedar boughs to "keep out the moths." I am not willing to charge Allen with fraudulent conduct in stating that oil of cedar is a moth preventive and that its odor will permeate woollen clothing, or that the oil of cedar is derived from cedar trees.

On the label on a bottle of O-Cedar I find the following: "Kills all germs. Excellent for dusting." This exhibit was purchased on the market at Herkimer, N. Y., April 12, 1916. I think it safe to assert that a mixture which "kills all germs" will act as a "moth preventive." Even if the Channel Company has abandoned the use of this statement, it is convincing that it once believed its truth, or intended to deceive if it knew it would not "kill all germs." It has been said and held many times that a court of equity should not and will not pronounce a judgment or decree which will secure to another the exclusive right to deceive and defraud another or others by false representations and statements, and so it was held, as we have seen, that a trade-mark

applied or to be applied to an article, which mark contained the false, and therefore fraudulent, statement that the article is "patented," when it was not, would not be registered, or, if registered, would be held void. But here there is no pretense of any false statement or representation in the trade-mark "Cedarine."

I think complainant's trade-mark valid and infringed by defendant in selling "O-Cedar," the same kind and class of goods, used for the same purpose; but it seems to me that defendant ought not to be put to the expense of an accounting. Their sales have been small, and they were not notified of the alleged infringement, or that infringement was claimed, until suit was brought. Walker & Gibson have been selling the two polishes, "Cedarine" and "O-Cedar," side by side, for some two years, and it would seem complainant ought to have known the fact. No request to desist was made and no warning given. There is no evidence that the defendant has sold "O-Cedar" as and for "Cedarine," or made any misrepresentations.

The recent cases of *Hamilton Shoe Co. v. Wolf Bros.*, 240 U. S. 251, 36 Sup. Ct. 269 [Reporter, vol. 6, p. 169], which holds that "American Lady" infringes "The American Girl," and is to that extent in point, and *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 36 Sup. Ct. 357, 60 [Reporter, vol. 6, p. 149], while instructive on the subject of trade-marks, are not, further than indicated, in point.

There will be a decree in favor of the complainant for an injunction, with costs.

CUSHMAN & DENISON MFG. CO. v. L. F. GRAMMES & SONS

(234 Fed. Rep. 949)

*United States District Court**Eastern District of Pennsylvania, June 2, 1916*

1. UNFAIR COMPETITION—ACCOUNTING—EQUITY RULE 63.

Rule 63 requiring the accounting party to state an account, calls only for results and not for the evidence upon which the account is based. The accounting party cannot be required to incorporate in his account evidence or sources of evidence from which a different account might be stated. The adverse party may, if he chooses, go into such an inquiry in accordance with the ordinary rules of evidence.

2. UNFAIR COMPETITION—ACCOUNTING—EVIDENCE.

The accounting party need not furnish to his adversary the names and addresses of his customers. If such names and addresses are necessarily disclosed as incident to the admission of evidence properly required, such disclosure would be unavoidable.

In Equity. On questions certified by master. Ruling of the master affirmed.

For an earlier decision in a similar proceeding in this case, see 5 Trade-Mark Rep. 479. For proceedings on the coming in of the masters report, see post p. 522.

Oswald M. Milligan, of Philadelphia, Pa., and *George W. Tucker, Jr.*, of New York City, for plaintiff.

George K. Helbert and *Fenton & Blount*, both of Philadelphia, Pa., for defendants.

DICKINSON, District Judge: It is apparent that rather fine lines are being drawn in the conduct of this case. Perhaps this is unavoidable because of the character of the real questions involved. Broadly stated, the controversy grows out of these respective positions assumed by the parties. The plaintiff, with a decree in its favor for an accounting, denies the correctness of the account stated by defendants. Behind the demand made by plaintiff, there is the implied averment that defendants have returned a less volume of sales than actually made. If defendants disclose the names and addresses of the customers to whom sales were made, the discrepancy between sales admitted and sales made would appear and defendants can be charged with what

they have actually received. Hence the demand for an inspection of defendants' books. Defendants, on the other hand, flatly charge plaintiff with seeking to get the names and addresses of defendants' customers from no other motive than commercial rivalry. It is apparent that each is asserting a right. The plaintiff has the right to all admissible evidence of sales made by defendants of the articles, the sale of which belonged to plaintiff. Defendants have the right to protect their own business from encroachment and from rival espionage. Which of the parties is lawfully in possession of the part of the field where these rights overlap is obviously to be determined by the trial judge in the exercise of a necessary discretion committed to him. The exercise of this discretion is governed by the finding of a fact which only the trial judge can find. If a question were asked the answer to which would disclose trade information of value only to a competitor, the situation would evoke the proper ruling. If, on the other hand, evidence necessary to a finding of the proper sum to be awarded was sought to be elicited, an incidental and unavoidable disclosure of business dealings, otherwise uncalled for, would not justify its exclusion. The master has shown himself to have a proper appreciation of this line of demarcation, and we do not feel called upon by anything disclosed by this record to interfere with the exercise of his discretion. Indeed all that is necessary to be said has already been said in (D. C.) 225 Fed. 883 [Reporter, vol. 5, p. 479]. With no thought in mind of prejudging the rights of either party, but merely to emphasize the distinction attempted to be before indicated, certain points may be recapitulated.

1. Rule 63 (198 Fed. xxxvii, 115 C. C. A. xxxvii) relates wholly to an accounting. Its purpose is to facilitate this by requiring the party called upon to account to state one. It deals only with results and not with the evidence from which fact conclusions on which to base a statement of account might be drawn. In form it is required to be a "debtor and creditor" account. If it is satisfactory to the other party, the accounting is done. Such other party, however, is not bound to accept it. If it is not satisfactory, the accounting facts may be developed in the way pointed out by the rule.

2. Rule 63 clearly supplies no sanction for a demand upon the

accounting party to set forth in his account evidence or the source of possible evidence from which a different account might be stated.

3. The opposing party may, however, go into such an inquiry if he chooses. If he does, the inquiry is governed by the ordinary rules of evidence which pertain to all judicial inquiries and must follow along these well-known lines. A sufficient guide to what may be done when this field of inquiry is entered upon is supplied by the clear-cut rulings of Judge Thompson in the case of *Rollman v. Universal Hardware Works* (D. C.) 218 Fed. 651.

4. The distinction between what may be brought into evidence at the trial and what disclosures may be required in advance of trial may also enter into the question. For illustration, a party might have the right to compel the production of books or papers and at the trial put them in evidence when he would not have the right to compel the production of the same books or papers to be submitted to his inspection in advance of trial, although for use at the trial.

The master applied these general principles in his rulings. The defendants submitted an account. With this, the plaintiff was dissatisfied. It called, as under rule 63 it was its right to do, one of the defendants as under cross-examination. The fact was developed that the account had been prepared by an expert accountant and an employe of the defendants who had knowledge of the transactions which entered into the accounting. It also developed that the defendants had books of account in which the transactions were entered. These books, however, were not kept by the witness, but by a Mr. Eyre, who was present at the hearing with the books. The books were then called for and produced. Counsel for plaintiff demanded possession of the books for inspection purposes. The master ruled that the names and addresses of defendants' customers need not be disclosed to plaintiff. To present the precise point involved, we reframe the question certified in this form:

"Has the plaintiff the right to inspect the books of defendants not in evidence for the purpose of learning therefrom the names and addresses of defendants' customers to whom 'Gem' paper clips in black boxes with white labels were sold in unfair competition with plaintiff's 'Gem' paper clips?"

As before observed, lines of extreme fineness are drawn by

the manner in which this inquiry is sought to be conducted. The question of what evidence of the volume of sales made by the defendants or to whom made, may be introduced, is not before us. It is the much narrower question of whether plaintiff may compel the defendants to submit for inspection and examination defendants' books and papers not in evidence in order that plaintiff may be able to glean from them information helpful to plaintiff in the trial of the case, and which may also be very harmful to defendants in their trade relations with their own customers and with the plaintiff as a hostile rival and competitor. If the question be analyzed it will be found not to differ in principle from what it would be if applied to the testimony of a witness. The accounting transactions might be wholly in the keeping of the memory of a witness. The accounting facts could then be made to appear only through oral testimony. This same Mr. Eyre, for instance, might have all the information which these books contain. The information would then have the like value to the plaintiff which it now has. Could the defendants be required to supply this information in advance of its getting in evidence? On further analysis it will be seen that the ruling of the master in no way conflicts with any right of the plaintiff to introduce or compel the production of any relevant evidence. In the supposititious case instanced he could call any witness, either in chief or as under cross-examination, as might be proper, and ask and have a ruling upon any question which he might see fit to ask. This it will be observed is an entirely different thing from what is the touchstone of the present inquiry, his right to information not in evidence merely because it may be helpful to him in the trial of the cause and which may or may not be used by him for evidential purposes and which, at least as a theoretic possibility, may be used for other than evidentiary purposes in harm of his opponent.

The answer to the question certified, as interpreted, is in the negative, and it is held that the ruling of the master was a proper one.

CUSHMAN & DENISON MFG. CO. v. L. F. GRAMMES & SONS
(234 Fed. Rep. 952)

United States District Court

Eastern District of Pennsylvania, June 2, 1916

DECREE REOPENED.

Where the parties have stipulated to the entry of a decree, the decree should not be disturbed except upon the showing of a defense to the merits, such that the refusal to reopen would be a denial of justice.

In Equity. On exceptions to the interlocutory report of the master on accounting. Exceptions overruled. Report confirmed.

For earlier decisions in the same proceedings, see 5 Trade-Mark Rep. 479; 6 Trade-Mark Rep. 518.

Oswald M. Milligan, of Philadelphia, Pa., and *George W. Tucker, Jr.*, of New York City, for plaintiff.

George K. Helbert and *Fenton & Blount*, both of Philadelphia, Pa., for defendant.

DICKINSON, District Judge: The parties to this controversy seem to be in accord only in the thought that this litigation should be brought to an end. A perusal of the record impresses one with the same thought. The opinion of Judge McPherson, accompanying the order of July 3, 1914, gives the then state of the record. By that order the status of the case, presenting a decree against the defendants as prayed for and a reference to a master to state an account, was left undisturbed, except in the respect that the master was directed to take and report any evidence and testimony submitted in support or denial of defendants' petition to modify the decree which had been made. If the petition were denied, there were in the case two findings: One, that the defendants had been guilty of unfair trade competition; the other, that they had infringed plaintiff's trade-mark. If the petition were granted, there would be only a finding of unfair trade. The master submitted a report upon another phase of the case but which, to some extent, involved this. By the order made, following the opinion

in (D. C.) 225 Fed. 883, the master was directed in his discretion to pass upon all the matters before him in a final report, or to pass upon this phase in an interlocutory report, unless the parties should, by stipulation, eliminate this feature from the case. This the parties have not done, and the master has made his report confined to the matters referred to him by Judge McPherson.

This brings us to the question of whether the decree as made should be modified. Certain facts which are already matters of record may be here recapitulated: (1) The decree asked to be modified was based upon the admissions of the defendants and the stipulation that it be entered. This was January 22, 1914. (2) On March 10, 1914, the defendants asked leave to move to vacate the decree. This leave was refused. (3) On March 19, 1914, a petition was presented, asking that the decree made be opened, etc. This was denied. (4) On June 22, 1914, the pending petition was presented, asking that the decree be modified. This was referred by the order of July 3, 1914, to the master upon which he now reports. On August 16, 1915, the master was directed to comply with the order of July 3, 1914, as above stated. By this report it appears that a hearing was had upon the order at which the defendants offered evidence in support of the petition. The plaintiff, deeming all which had been offered insufficient to induce the court to modify the decree already made, raised the question of its sufficiency by a motion to strike out. This motion in the opinion of the master was well based, but, in compliance with the order of July 3, 1914, he reports the facts found, together with his opinion that the petition to modify the original decree should be dismissed. The defendants except to the report, advancing three propositions: (1) The order of July 3, 1914, was made without authority and was a nullity and the report thereon a like nullity. (2) The petition itself, coupled with the answer thereto, established all the facts beyond the necessity of any inquiry thereinto and rendered such inquiry superfluous. (3) A perusal of the evidence submitted by the defendants will satisfy the court that the decree as made should be modified.

The order of July 3, 1914, by Judge McPherson, having been made, it would be futile, if not indeed out of place, to discuss the authority to make it. Whether the equity powers of the court

can be delegated, or whether the report before us is to be deemed that of a master under rule 59 (198 Fed. xxxv, 115 C. C. A. xxxv) or of an examiner, or whether the testimony and evidence returned is to be viewed as a deposition taken in support of the averments of the petition, we are brought to the practical question of whether the decree as made in the case should be modified. The present form of the petition is based upon the distinction between the previous petitions and this, in that a motion to vacate or to open cannot be made the basis of an appeal but a motion to dissolve an injunction (which this is claimed to be) is open to appellate process. However this may be, the analogue which counsel for defendants adopts of a motion for a new trial, based upon an averment of the existence of after-discovered evidence, is a fair one so far as it goes. Even in such cases there are few in which the worsted litigant does not think he could bring about a different result if granted a new trial. A fairer analogue, however, is an application to open a judgment which has been entered on a verdict. It is apparent this decree should not be disturbed except upon a clear showing of a meritorious defense, the denial of which would work plain injustice. The strength of the appeal made lies in this: The plaintiff averred and the decree proceeds upon the found fact that plaintiff had a trade-mark right in the sale of these clips in the form sold. It appears now that this averment may be without foundation, and that plaintiff had no such right, and, when this decree was entered, knew it had none. It could therefore succeed in this branch of the litigation only by the possibility that the true facts would not appear. This attitude comes dangerously near, if it does not reach, a suppression of the truth. If the decree had been entered upon findings secured from the court through such suppression, the decree should be recalled, and the view taken by the master would clearly seem to be too narrow and technical. The tactics employed by the plaintiff throughout this inquiry would confirm the soundness of such a conclusion. They have been wholly obstructive and confined to an apparent effort to prevent the defendants from developing the facts. The real situation, however, is not quite that thus outlined. The analogue suggested by the facts is that of a confessed judgment. The phrase employed by the former counsel for defendants more accurately expresses

the proper comment on what was done. The failure of plaintiff to disclose the subsequent proceedings affecting the trade-mark registration and the New York litigation counsel characterized as displaying a lack of frankness toward him. The motion on which the reference to the master was based could more satisfactorily be disposed of if the plaintiff had met the accusations made instead of attempting to smother defendants' efforts to present the facts on which they are based, and then taking refuge in the position that the decree made had not been conclusively shown to involve an injustice. As already more than once observed, it is high time this litigation was brought to a close. The present conditions present a situation not free from difficulties in disposing of it, and by no means free from grave doubts whether the injunction feature of the agreed decree should be permitted to stand. It, of course, does not follow that, because the plaintiff failed to succeed in his litigation against one defendant, it ought not to recover against another. It charged in the one unfair trade, and failed to prove it. It made the same charge in the other, and it was not only admitted, but the decree based upon the admission still stands unchallenged in this respect. For this infraction of its rights, plaintiff is entitled to redress. No award of damages or profits can be made because of the trade-mark feature, which is claimed to be open to dispute. The only practical value defendants' complaint has is as to the use of the word "Gem." This is in practical effect to some extent involved in the relief to which plaintiff is confessedly entitled that defendants shall no longer palm off their make of clips as the one made by plaintiff. Had the case gone to trial, plaintiff would have been entitled to a decree. Defendants may have conceded too much to the plaintiff. What they did, however, was their own voluntary act. The reluctance which Judge McPherson expressed to interfere with an agreed decree is a natural one. We confess to a like reluctance to accept the view taken by the master because of grave misgivings of whether injustice has not been done to the defendants. On a review of the whole situation, however, we incline to the position that the decree as made should stand. The exceptions are dismissed, and the report of the master confirmed, the disposition of costs, however, to await final decree.

TEMPLE V. GORDON

(159 Pacific Rep. 983)

*California District Court of Appeals**Second District, July 22, 1916*

1. UNFAIR COMPETITION—PRELIMINARY INJUNCTION—DENIAL.

To warrant the denial of a preliminary injunction, the court need not pass upon the merits of the case. If the facts are clearly in dispute, a preliminary injunction is properly denied.

2. DESCRIPTIVE TERM—"FAULTLESS."

The word "Faultless" as applied to bread relates only to the kind or quality of the thing sold and is, therefore, descriptive.

Appeal from an order of the superior court, Los Angeles county, denying motion for a preliminary injunction. Affirmed.

Joseph F. Westall, of Los Angeles (*Henry T. Hazard*, of Los Angeles, of counsel), for appellant.

Jones & Weller, of Los Angeles, for respondent.

CONREY, P. J.: This is an appeal by the plaintiff from an order dissolving a restraining order and denying plaintiff's motion for a preliminary injunction. The application for the order was heard upon the complaint, and affidavits produced on both sides.

For about two years prior to defendant's acts of which the plaintiff complains plaintiff was engaged in manufacturing and selling a certain kind of bread, to which he gave the name of "Faultless" bread. In June, 1913, he caused to be registered as belonging to him the trade-mark and trade-name "Faultless" as applied to that product, and obtained a certificate thereof from the secretary of state of the state of California. In selling his bread thereafter he was accustomed to have each loaf wrapped in a certain kind of paper upon which was printed:

FAULTLESS

BREAD

MADE BY

OCCIDENTAL BAKERY

Brdy. 4770

Los Angeles

A-5020.

These words and figures were printed in dark blue ink in a certain distinctive form. He advertised extensively his product under said trade-name, and built up a valuable business in the sale of the described bread. The plaintiff charged that thereafter the defendant, with intent to deceive and defraud the public and to injure and defraud the plaintiff, caused to be put up in similar packages a kind of bread sold by him, copying the general design, color of ink, etc., and caused the bread to be sold in a nearly similar wrapper to that of the plaintiff, on which he placed the following printed matter:

	PEERLESS	
PURITY		QUALITY
	PEERLESS	
	BREAD	
	MADE BY	
	GORDON BREAD CO.	

South 4797

Los Angeles.

Samples of these wrappers are attached as exhibits to the complaint, and are found in the transcript on appeal. The affidavits which accompanied the complaint were made by drivers of bread wagons for the plaintiff, and contain statements of fact tending to show a similarity in appearance of the articles as placed on the market by the defendant to those sold by the plaintiff; tending also to show that some persons were deceived thereby, and that the bread sold by the defendant was inferior in weight and quality, but that nevertheless it was competing successfully with plaintiff's bread in the various establishments where bread was sold in the city of Los Angeles, and that plaintiff's business was being injured thereby. In response to the order to show cause the defendant presented to the court affidavits of himself and of several drivers of his delivery wagons and of several grocers who had been selling bread purchased from the plaintiff as well as from the defendant. The defendant denied many of the important allegations of the complaint. Among other things, the defendant stated in his affidavit, and the accompanying affidavits stated, matters tending to show that it was not true that by reason of close similarity of the names "Faultless" and "Peerless" or of the wrappers and packages as sold by the defendant the public could

be or was misled or imposed upon; that the defendant had been engaged in the manufacture and selling of bread in the city of Los Angeles for at least five years prior to the commencement of this action; that the wrappers used by him did not, nor did he intend by them to, imitate the plaintiff's trade-mark or label.

On the hearing of this motion it was not necessary for the court, in order to warrant a denial of the order asked for by plaintiff, to pass upon the merits of the case. The court may have concluded that the essential facts were so clearly in dispute, and the right of plaintiff to any relief so much in doubt under the showing made, that it would decline to grant any injunction at all until a trial on the merits.

"The granting of a preliminary injunction is not a matter of right, but the application is addressed to the sound discretion of the court, which is to be exercised according to the circumstances of the particular case; * * * and its action upon such application will not be reviewed in the appellate court unless it shall clearly appear that there was an abuse of its discretion." *Santa Cruz Association v. Grant*, 104 Cal. 306, 37 Pac. 1034.

The plaintiff's case does not appear to be based upon any claim of exclusive right by reason of a trade-mark, since the trade-mark as registered by him relates only to the name or quality of the thing sold. Civ. Code §991. The claims asserted by him are based upon—

"the principle that in the interest of fair commercial dealing courts of equity, where one has been first in the field doing business under a given name, will protect that person to the extent of making competitors use reasonable precautions to prevent deceit and fraud upon the public and upon the business first in the field." *Dunston v. Los Angeles Van, etc., Co.*, 165 Cal. 89, 94, 131 Pac. 115, 117.

The relief rests upon the deceit or fraud which the later comer into the business field is practicing upon the earlier comer and upon the public. In view of the nature of the relief demanded, and in view of the conflicting evidence which came before the superior court under the order to show cause, we are unable to say that the plaintiff's right to a temporary injunction was conclusively established, or that the court abused its discretion in denying the motion.

The order appealed from is affirmed.

We concur: JAMES, J.; SHAW, J.

Ex parte, UNITED DRUG COMPANY

(232 O. G. 319)

*Commissioner of Patents, October 13, 1916***TRADE-MARK—REGISTRABILITY—NAME OF CORPORATION.**

A mark consisting of a double circle and a ring of seven infants' heads enclosing the word "Stork" in heavy script, is registrable as a trade-mark, notwithstanding the fact that the word "Stork" alone had previously been refused, on the ground that it was the name of a corporation other than the applicant.

A distinction must be made between the names of corporations which were always common English words and names coined for the purposes of the corporation and which are, therefore, merely corporate names.

For the earlier decisions relative to this trade-mark, see 5 Trade-Mark Rep. 376; 6 Trade-Mark Rep. 101.

Mr. Alexander W. Murray for the applicant.

CLAY, Assistant Commissioner: The applicant appeals from the ruling of the examiner of trade-marks, refusing registry of a trade-mark for infants' rubber nipples, consisting of a double circle and ring of seven infants' heads, inclosing the word "Stork," written in heavy script.

The rejection is on the ground that the commissioner and the Court of Appeals of the District of Columbia had previously refused registry of the word "Stork" on the ground that the word was the principal part of the name of a corporation existing prior to July, 1912, when the applicant alleges it began the use of its mark.

It appears in the file of this application that the applicant originally applied for registry of the word "Stork" alone. A search in the class failing to show that the mark was anticipated, it was passed to registry January 19, 1915, published February 2, 1915, and the thirty days thereafter allowed for filing opposition passed without any opposition developing. On March 15, 1915, the case was reconsidered by the examiner, whose attention had

meantime been directed to the fact that there was a corporation in the State of Maine called "The Stork Company," and registration was refused on the ground that the mark was the name of that company, under the ruling of the court in the case of *The Asbestone Company v. The Philip Carey Manufacturing Company* (200 O. G. 857; 41 App. D. C. 507). [Reporter, Vol. 4, p. 161.] Appeals were taken to the commissioner and then to the court, with the result of affirmance of the examiner's position by both tribunals. A perusal of the briefs and the decisions of the first assistant commissioner and of the court (222 O. G. 729) makes it plain that the applicant's mark offered for registry was considered to be the mere name of The Stork Company, the court saying:

"The corporate name of The Stork Company is protected by the express provisions of the Trade-Mark Act."

Afterward the applicant amended its drawing and virtually applied anew to register the trade-mark in the form as now presented and above described. The question, then, is whether the ruling now must follow the ruling in the previous proceedings and whether there is any legal ground for refusing registration. For the solution of both questions it is necessary to carefully note the language of the statute.

An officer charged with the administration of the law is bound to construe it according to his conscience and according to the evident intent of the legislature. Obviously the intent of the lawmaker may be deduced from a history of the law and the reasons for its enactment. Both the congressional committees which favorably reported the bill which became the trade-mark law of February 20, 1905, reported after an exhaustive inquiry by themselves and by a special expert committee appointed for the purpose (Senate Reports 3278, January 24, 1905), giving reasons.

The immediate occasion for the law was the obligation to carry out the provisions of certain treaties; but the committee refers to past complaints about the difficulty of registering trade-marks and says it was also the intention to give a wide latitude to registry.

"Section 5 of the proposed bill we believe will permit the registration of all marks which could, under the common law as expounded by the courts, be the subject of a trade-mark and become the exclusive property of the party using the same as his trade-mark."

Section 5 of this bill, being in essence as it was drawn by Mr. Greeley, was, according to Mr. Greeley's report, drawn for the purpose of registering—

"all marks which would or could, under the law as construed by the Supreme Court, be held to be capable of being appropriated as the exclusive property of the person using them as trade-marks. * * * The second proviso is in recognition of the statement made by the Supreme Court in *Canal Company v. Clark* (13 Wall., 311), quoting from the opinion of Judge Duer in the case of *Amoskeag Manufacturing Company v. Spear*, that '[one] has no right to appropriate a sign or symbol, which, from the nature of the fact it is used to signify, others may employ with equal truth, and therefore have an equal right to employ for the same purpose.' * * * etc."

Mr. Greeley's draft differed from the section as adopted on the point of interest only by change of forms of expression and by adding to the prohibition against the registry of a mark which consists merely in a name not distinctively displayed the further exception—

"or in association with a portrait of the individual."

Now it will be noted that the section is a law restricting the commissioner's power of refusal to register. So far as we are now concerned with it, and omitting surplusage, it says that no distinctive trade-mark shall be refused registry unless it consists merely in the name of an individual not distinctively displayed.

The subsequent amendments of the law make this meaning more clear. For example, it was afterward found necessary to add to the exception of marks scandalous by reason of being immoral or being public insignia, also previously-used signs of fraternal societies, institutions, etc. The importance of comparative rights by user was originally emphasized by the provision that a then ten-year-old mark might be registered, notwithstanding it came within the previous prohibitions. On February 5, 1911, there was added to the statute these words:

"Provided further, That nothing herein shall prevent the registration of a trade-mark otherwise registrable because of its being the name of the applicant or a portion thereof."

This extra proviso was occasioned by the ruling of the court in such cases as *in re Success Co.* (34 App. D. C. 443; 152 O. G. 958, February 1, 1910) that—

"the word 'merely' as used in the statute was clearly intended to prevent the registration by a corporation of its own name."

If it were proposed to register a word which was the property of another as being that other's peculiar name, that and nothing more, there would be no difficulty in deciding against registry; but here we have a different case, because the word in question was not the property of any particular other person, but was a word in wide and various use not only as a surname and not only as the name of a famous bird, but as an actual trade-mark. The name "Stork" generally is not the property of the corporation Stork Company, simply because it is equally the property of others. The directories of the large cities of the country show the name to be a very common family name, occurring, for example, scores of times in the cities of Philadelphia, Baltimore, St. Louis, Chicago, New York, and Cleveland. It is of course a well-known name of a bird and of a bird having such mythical associations as to be virtually a term indicative of the occasion of birth, as Santa Claus is associated with the Christmas festival.

The name "Stork" is the name of the corporation not in the sense of being its property generally, but only in the sense of its particular use of it, just as the applicant here has as its name the word "United" and the word "Drug" without any property rights in either word.

Obviously there could be no just claim that the Stork Company had the exclusive right to use of its name. The particular question is not the right to exclusive use of the name, but the right of another to use and register the name. Under the statute The Stork Company can register its name as a trade-mark indefinitely. If others cannot, this amounts in effect to giving it a monopoly of the name. A natural person whose name was Stork could not claim this extraordinary right, and it is difficult to understand how an artificial person could have such superhuman privilege. It is thus necessary to draw a sharp distinction between a name coined or created, or preempted by first and sole use, and a name which is merely withdrawn from the public domain for specific use. The word "Asbestone" was the property of the Asbestone Company, and was the mere name of that company, for that company had created the name. But there is no such or similar condition in this case.

There is on file in this office a copy, certified by the Secretary

of State of Maine on January 5, 1905, of the certificate of incorporation on December 2, 1904, of a company known as The Stork Company, organized to manufacture "waterproof cloths, fabrics," etc. There is also on file Trade-Mark Certificate No. 90,254, of February 11, 1913, showing that this company used a mark consisting of the word "Stork" and the picture of a stork, for baby-shoes, in 1906, and claims to own the previously-registered mark, No. 65,946, of June 23, 1908, showing the same mark in different form; also, Certificate No. 88,534, of September 24, 1912, showing the word "Stork" and a different picture of the bird, as used for soap. This evidence that there was a corporation of this name twelve years ago and that as late as three years ago such a company was dealing in baby-shoes and soap does not seem sufficient to raise any question of any rivalry in goods, and the only question that remains is whether registry can be refused because the mark proposed for registry *contains*, among other things, a word which also is the name of a person and of a previously-existing corporation.

It also appears from the records of this office that the word "Stork" or the picture of a stork has been registered as a trade-mark some sixty times, and, among others, it had been used prior to the incorporation of The Stork Company for vermifuge (1886), for flannels (1896), for condensed milk (1898), for morning-sickness tablets (1901), and for medicines (1902). All of these things pertain in some way to infants. And since the incorporation of The Stork Company there have been registrations for toilet powder (No. 50,800), for infants' hats and caps (No. 49,386), for baby chicks (No. 109,524), and for baby-carriages (No. 95,933). That The Stork Company not only has no right, but cannot have the exclusive use of the word "Stork" even as a trade-mark, is obvious from the fact that others have used it as a trade-mark for goods pertaining to childhood, and that this practice, beginning long before The Stork Company existed, has continued since The Stork Company's use of the same word without objection from The Stork Company. Under these circumstances I am unable to believe that the court by any previous decision has intended to hold that by indirection The Stork Company may monopolize the name, which seems to be the inevitable effect of refusing registry to any mark which contains the word "Stork."

What the examiner had held virtually amounts to ruling that a ring of infants' heads is the name of a corporation. Either this, or else he has not only read entirely out of the statute the word "*merely*," but has gone a step further and read into the statute a substitution of the word "*includes*" for the word "*consists*." This office can take no such liberties with the law. Whether or not it is true, as alleged in the brief, that the court has read out of the law the word "*merely*," makes no difference with this case, for what is here held is that the trade-mark now proffered for registry is not the name of a corporation at all, for the double reason that it consists quite as much in the circle of infants' heads as it consists in the word "Stork" and that the word "Stork" has been so long public property that it is not in any way peculiar to the corporation in the State of Maine.

The examiner's ruling is reversed, and the mark is admitted for registry.

[NOTE: Contrary to our custom, we have published the foregoing decision of the patent office in full, instead of in an abridged form, because of what we consider to be its unusual importance. The decision repudiates the extraordinary doctrine established by the court of appeals of the district of Columbia in the "Asbestos" case, and heretofore followed by the patent office. Although the mark before the office in this case was amended by the addition of features not present at the time of the earlier decision, the fact should not be overlooked that this decision expressly refuses to follow the previous decision of the court of appeals in the Stork case. See 6 Trade-Mark Rep. 101.]

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